IN THE

Supreme Court of the United States

OCTOBER TERM, 1969

NORTHERN LINES MERGER CASE

No. 28

UNITED STATES OF AMERICA, APPE[illegible]

v.

INTERSTATE COMMERCE COMMISSION, ET AL.

No. 38

CHARLES E. BRUNDAGE, ET AL., APPELLANTS

v.

INTERSTATE COMMERCE COMMISSION, ET AL.

No. 43

CITY OF AUBURN, APPELLANT

v.

INTERSTATE COMMERCE COMMISSION, ET AL.

No. 44

LIVINGSTON ANTI-MERGER COMMITTEE, APPELLANT

v.

INTERSTATE COMMERCE COMMISSION, ET AL.

ON APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

VOLUME I

	Page
Relevant Docket Entries	iv
Opinion of District Court *	1
Judgment of District Court	59
1966 Report of Commission, denying authorization for merger	61
1967 Report of Commission on reconsideration, authorizing merger	245
Second Report of Commission on Reconsideration, denying petitions for reconsideration and modifying certain conditions	463
Third Report of Commission on Reconsideration, construing certain conditions	498

VOLUME II

Order of Commission extending period for exercise of merger authorizations previously granted, April 23, 1969	505
Report of the Hearing Examiner, served August 24, 1964	507

VOLUME III

Report of the Hearing Examiner (continued)	951
Report of the Commission on Petitions for Rehearing, March 31, 1966	1258
Complaint by the United States, filed May 9, 1968	1275
Answer of Intervening Defendants, filed May 10, 1968	1280
Answer of Interstate Commerce Commission, filed May 14, 1968	1284

* Includes minor corrections noted in *sua sponte* orders dated December 11, 1968 and April 16, 1969.

Page

Motion of Charles E. Brundage, *et al.*, to Intervene as Plaintiffs, together with complaint, filed May 15, 1968 1286

Order of District Court granting Motions to Intervene, filed May 16, 1968 1294

Motion of Livingston Anti-merger Committee to Intervene as Plaintiff, together with complaint, filed May 23, 1968 1295

Court order granting aforesaid motion, filed June 3, 1968 1302

Answer of Intervening Defendants Great Northern Railway Company, *et al.* to Intervening Complaint of Livingston Anti-merger Committee 1303

Answer of Intervening Defendants Great Northern Railway Company, et al., to Intervening Complaint of Charles E. Brundage, *et al.*, filed June 5, 1968 1306

Answer of Intervening Defendants 230 Pacific Northwest Shippers to Complaint of Plaintiff United States of America, filed June 10, 1968 1309

Answer of Intervening Defendant Public Utility Commissioner of Oregon, filed June 17, 1968 1325

Answer of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, filed June 24, 1968 1327

Notice of Appeal of Livingston Anti-Merger Committee 1336

Supreme Court's Order of February 24, 1969 noting probable jurisdiction 1337

Chamber of Commerce, is composed of 70 wholesalers, manufacturers, jobbers and distributors, whose business as shippers and receivers of freight is directly involved in the city and its environs. It is concerned with their traffic and transportation needs, and favors unification as proposed. Intervener views the three applicant railroads serving Billings as having performed a satisfactory service to the area, but feels that there is much room for improvement. It anticipates that the proposed unification would provide the desired improvement, and it supports applicants' cause, stressing the importance of the expected economies through elimination of duplicate facilities which should result in an improved service from eastern origins, improved car supply, and advantages of stop-offs, transit and diversion privileges, and expected hold-down on rate increases.

Intervener Cargill, Inc., of Minneapolis, supports the proposed unification for faster and more dependable freight service, better car supply, wider routing with more stop-off, transit and diversion privileges, and better ability to provide economical transportation. Its evidence, introduced through stipulation, shows it ships annually about 20,000 carloads of grain and processed agricultural commodities over applicants' lines.

Intervener Everett (Washington) Chamber of Commerce, through a resolution supports unification as permitting a better car supply, elimination of unneeded portions of line and effectuation of operating economies and savings while strengthening the railroads' economic conditions. It views protection of employees through imposition of conditions indicated by applicants as adequate. While it has not concluded whether merger would strengthen those railroads not involved in the transaction, it is deeply concerned with adequate, competitive rail service to and from transcontinental and Pacific points.

Intervener Husky Oil Co., of Cody, Wyo., operates an oil refinery on the lines of Burlington. In 1961 it shipped 5,108 carloads of asphalt to the Minneapolis area routed

Burlington to Sioux City and Great Northern beyond. Its support is predicated on the basis that such movement could be handled via Laurel, single-line over a route some 369 miles shorter, which is not now feasible as Burlington is reluctant to short-haul itself. It also supports unification for improved schedules, better utilization of leased tank cars and facilitated rate adjustments with single-line. It ships about 400 cars annually via the Milwaukee, is concerned that both Milwaukee and C&NW remain competitive, but doesn't think the loss estimated to affect C&NW would affect its service.

Intervener Missouri Farmers' Association, an agricultural cooperative, processes and markets products from 32 districts; has a membership of 155,000 farmers; had gross sales in 1960 of $320 million; has 31 elevators and other facilities on the lines of Burlington; and ships many thousands of carloads annually over the lines of Burlington, and between 50-100 cars annually over Milwaukee. It supports the proposed unification to bring about economies resulting from elimination of duplicate facilities and allow more competitive service with other modes of transportation and improved car supply.

Intervener the State of Nebraska through its single witness, its Governor, expressed strong support for the proposals, directed primarily to anticipated benefits and improvements which on the basis of the proposals would accrue to users in Nebraska; including (1) greater availability of cars, (2) routing of traffic through Billings, and prospects for increase of traffic through Nebraska as economically beneficial, (3) prospective increase of employment in Nebraska, and (4) anticipated reduction of costs of operation through elimination of duplication of facilities—all of which would strengthen the railroads involved, urging that while merger might adversely affect some interests it is the "price of progress."

Intervener Nebraska Lumber Merchants Association, of Lincoln, Nebr., represents about 456 retail lumber and building materials dealers in Nebraska, and receives from mills and wholesalers in the Pacific Northwest about 5,000 carloads annually. It supports unification

in the belief, stressed by limited data which it obtained from Burlington officials, that the result will be an elimination of interchange, improvement of freight schedules, elimination of much car tracing, and an improvement of service in transit cars, all of which would assure a more economical and efficient transportation service.

Intervener Omaha (Nebraska) Chamber of Commerce, a voluntary association of individuals, firms and corporations located in the Omaha area with approximately 5,500 members, evidences concern with the development, improvement and protection of the transportation interests of Omaha and its trade area. Omaha, located in the heart of a rich and resourceful agricultural region virtually in the geographical center of the United States, is one of the nation's primary grain markets and milling centers, a livestock and meat packing center, and an important transportation center served by nine class I railroads. It supports unification for improved freight schedules between Omaha and the northwest and elimination of interchanges, improved car supply, better routings and transit privileges through Laurel and Sioux City gateways. With such improvements, traffic is expected to increase need for improved freight handling facilities and equipment. It stresses significantly the view that greater traffic volume through Omaha would tend to stabilize the employment of railroad operational personnel in that area. Moreover, its support is predicated on the belief that unification would tend to place business in Omaha in a better competitive position because of the benefits enumerated. The record also shows that it would be to the interests of Omaha and its shippers that Milwaukee maintain its financial stability and its ability to continue to provide its present service to and from that point.

Intervener Omaha (Nebraska) Grain Exchange, comprised of members who buy, sell, receive, ship and store grain and its by-products, support unification on the basis that single-line operation would liberalize transit privileges, expedite service, increase operating efficiency, reduce costs, reduce transit time, with accompanying re-

duction of switching and terminal delays, and improve car supply. Indicative of the extent to which it is concerned with grain transportation, in 1960 Burlington (one of nine railroads serving Omaha), terminated for it 13,498 carloads of grain out of a total of 38,493 and originated for it 14,101 out of a total of 34,708 at Omaha.

Intervener St. Paul (Minnesota) Area Chamber of Commerce, a non-profit organization (3,000 members), concerned with matters affecting transportation and the business community, insofar as it pertains to its area of interest (which covers Ramsey County and adjacent areas of Washington and Dakota Counties, Minn.), strongly supports the proposed unification. Numerous other chambers of commerce and civic organizations in its trade area lend support to its position. Its concern here is primarily because the economic and industrial development of St. Paul and its adjacent market area is directly dependent on the ability to acquire raw materials at the lowest possible delivered cost and to distribute manufactured and processed goods throughout the Pacific Northwest speedily and cheaply. In order for its trade area to prosper, long-haul transportation service must be available at rates low enough for its products to be marketed in midwestern and eastern centers, including St. Paul, in the face of competition from other, more conveniently located products of like kind.

Because over the past ten-year period rail carloads received and forwarded at St. Paul dropped nearly 100,000 carloads or 30.9 percent, it evidenced a strong concern over a major problem of obtaining and providing efficient transportation service at charges low enough to permit the city and its trade area to grow and prosper.

Intervener acknowledges the likelihood railroad employment in St. Paul will eventually be reduced by unification as an important factor in considering its position, but recognizes as a far more important matter the stability of employment of its member businesses and industries as its proper area of concern. It asserts that the effect unification may have on the job opportunities on the separate applicant railroads should not stand in

the way of its endorsement. Moreover, that the end result should help to maintain and improve the employment levels among the 55,000 manufacturing employees in St. Paul and among the additional 9,000 employees engaged in wholesaling, provides it with a stronger basis, economic and otherwise, for its support.

It considers applicants' proposed construction in the Twin Cities area also a matter of prime importance, although supporting other advantages advocated by applicants. With the advantages which unification should bring, the number of interchanging railroads would be reduced, eliminating many physical transfers, permitting faster service and improved terminal operations, all of which contribute to a better and more desirable transportation service.

Intervener Quincy (Illinois) Chamber of Commerce, located in a commercial and industrial center adjacent to a large fertile agricultural area, supports unification in the belief that it would produce a strengthened and improved carrier providing faster and more dependable service with economies allowing modernization and improvement of equipment.

Intervener Lilliam Widmyer, of Seattle, owner of 500 acres of forest land in eastern Washington has in the past shipped forest products via Great Northern, and supports unification on the assurance that through unification the available service would be continued.

Intervener Zonolite Company, of Chicago, mines and processes vermiculite at Libby, Mont. In 1961 it shipped 2,276 carloads from Libby and received 135 cars at that point. Since its product competes with Canadian products, its customers' inventories are held to a minimum, and thus a steady flow from mine to processing plant to customer is essential. It supports unification for improved single management, improved interchange at major terminals, and in the belief that an adequate supply of box cars and covered hopper cars would be available, and the financial stability of the merged lines would allow an upgrading of equipment.

Other interveners—in support with conditions.

Another group of interveners entering their appearances support the proposed unification for various reasons. They, however, qualify their support in the sense that they urge the imposition of specific conditions primarily dealing with those matters which would to some extent assure them the availability of the strong degree of competitive transportation service they feel their evidence and the circumstances of record warrant. Similarly, their interests should be identified and are thus summarized.

Intervener Minneapolis Traffic Association, an adjunct of the Minneapolis (Minn.) Chamber of Commerce, expressing only limited knowledge on the unification program proposed, supports it in the belief it would benefit the city by providing more expeditious and improved less-than-carload service, reduce transit time by 12 hours, eliminate terminal delays through the new and proposed electronic classification yards, improve car supply, provide broader transit privileges, all resulting in increased traffic to the New Company. While it believes Milwaukee's entry to Portland would be advantageous to its member shippers, it offered no evidence on the subject.

Interveners The Public Service Commission of the State of North Dakota, and the *Chamber of Commerce of Fargo, N. Dak.*, jointly support the proposed unification because of certain stated assurances by applicants looking towards a guarantee of continuance of present service. The latter and intervener *Grand Forks Chamber of Commerce* (Grand Forks, N. Dak.), are voluntary non-profit organizations representing many commercial, professional and industrial businesses concerned with fostering and promoting civic and business interests (including transportation rates and services).

Fargo, and Grand Forks, 75 miles north, are served by the main line of Great Northern and the branch line of the Northern Pacific. Fargo is a large wholesale distribution center and a major city on the lines of both railroads. Grand Forks is in the center of the Red River Valley potato industry, has other agricultural and in-

dustrial facilities, is the principal grain inspection point on the Great Northern and the Northern Pacific and, as such, is the gateway to the North Dakota grain fields.

Interveners foresee, upon unification, improved car supply, a financially stronger railroad, greater ability to finance adequate and appropriate equipment, as well as more flexibility to existing supply of equipment, resulting in greater car efficiency and a more readily available supply of equipment closer at hand to meet the demands of the shipping public, which in the aggregate would assist grain and livestock shippers in North Dakota. They also expect that through rates will immediately become available via any new and shorter routes resulting from unification.

However, interveners support Milwaukee's request for trackage rights, opening of gateways and routes, etc., insisting that no lessening of service to the people of the State of North Dakota result from such unification, if authorized. Interveners' paramount concern is the preservation of the competitive position of other railroads which serve the State of North Dakota, and the impact of unification on the competitive position of those railroads. They point out that (1) the maintenance of the competitive position of the Milwaukee will more clearly assure the continued operation of a competitor that has been of benefit to the State; (2) the benefit has not always been confined to any particular community directly served by Milwaukee, but extends beyond the city limits, and provides what is commonly known as cross-country competition; and (3) it is that competition which provides for favorable service and favorable rate adjustments, which they want continued.

Interveners are aware of the conditions sought by the intervening carriers and indicate that some would have little, if any, direct effect on North Dakota. However, to the extent denial or failure to adopt such conditions affects Milwaukee's ability to provide competitive service, they are concerned. Specifically, interveners strongly support Milwaukee's requested condition 2 (access to Portland), and 5 (inclusion of switching in the line-haul rates of both competitive and non-competitive traffic).

Additionally, interveners seek a modification of the authority vested in various subcommittees of the Western Trunk Line Committee, a part of the Western Traffic Agreement, approved in *Western Traffic Association—Agreement*, 276 I.C.C. 183, to implement section 5a provisions granting common carriers exemption from the anti-trust laws. At the outset, interveners stress the importance to them of the requested opening of Fargo and Linton as gateways. Under Milwaukee's proposal, the Fargo gateway would be restricted to traffic to or from points east of McKenzie, N. Dak., and the Linton gateway would be restricted to traffic to and from Miles City, Mont., and points between Miles City and Linton. Interveners point out that Fargo would be the furthest western substantial distribution point on the main and secondary main lines of the consolidated system; that the two lines join again at Sandpoint, Idaho, and 1,118 miles distant and that a Milwaukee-merged lines route via Fargo would provide shippers with stop privileges at Milwaukee stations and consolidated system stations; and that the same would apply at Linton and less potential tonnage. However, little support is provided to warrant a departure from the conclusions reached on that subject, previously discussed. Interveners request that limitations be modified to extend the territory for traffic moving via both gateways to and from Billings and Great Falls, Mont., and stations east thereof. Interveners' support for opening the indicated gateways as conditions requested by Milwaukee is not impressive. For reasons stated, such a condition is neither practicable nor feasible. However, other conditions requested do meet with some favor, as previously discussed.

Interveners also point out correctly that Portland is one of the most important seaports on the West Coast and an important railroad center where traffic is interchanged between all of the major railroads serving it, yet Milwaukee, a major transcontinental railroad with its eastern termini at Chicago is held less than 50 miles short of reaching Portland; that entry would provide direct connections with other lines, would provide direct

single-line service to points local to Milwaukee, and that any evidence or statements pointing out the adverse results that would flow from such a provision merely emphasizes the necessity of imposition of such a condition. Entry would permit Milwaukee to contribute to its ability to better provide the competition in the area served by it and by the merged lines, as previously discussed.

In respect of the arguments dealing with switching charges, interveners point out that those factors similarly affect Milwaukee's ability to serve Fargo and other North Dakota points on its line. Additionally, present practices of Great Northern and Northern Pacific require payment of switch charges on movements from industries located on Milwaukee at Fargo when shipping to local or "non-competitive" industries on either of the lines. As previously indicated, the charges are excessive by any standard and are no doubt designed to discourage the use of Milwaukee and militate against Milwaukee's efforts to attract industry to its line at Fargo, prevent it from participating in the economic expansion of the city and operate against its ability to be a strong competitor. However, in view of the conclusions reached, further discussion is not necessary.

In respect of interveners' request for modification of the authority vested in the various subcommittees of the Western Trunk Line Committee, they point out that certain articles contained in the agreement approved by the Commission in the last-mentioned and cited case, now contain certain provisions which are objectionable and which will become more objectionable on unification. The agreement created what is known as Western Trunk Line Territory, among others, with approximately 31 member lines with jurisdiction over all traffic having origin or destination or passing through Colorado, Illinois, Iowa, Kansas, Minnesota, Nebraska, North Dakota, South Dakota, Wisconsin and Wyoming, and including certain portions of Idaho, Indiana, Michigan, Missouri, Montana, Nevada, New Mexico, Oregon and Utah. Great Northern and Northern Pacific are members of that committee with participation limited to matters pertaining to traffic to or from points served by

them in the territory subject to the jurisdiction of that committee. In addition, C&NW, Milwaukee and Soo, all serving North Dakota, are members of that committee without restriction.

The agreement also created the Northern Lines committee with approximately eight member lines with jurisdiction over all traffic originating and terminating in North Dakota (except points on Milwaukee west of Mobridge, S. Dak.), and those parts of Minnesota and South Dakota on and west of Great Northern line from Superior to Hinckley, and the Northern Pacific line from Hinckley to St. Paul, including St. Paul, Minnesota Transfer and Minneapolis, and north of the Milwaukee between Minneapolis and Nobridge, S. Dak., through Ortonville, Minn., Milbank, Andover, Aberdeen, and Roscoe, S. Dak., and covering all interterritorial traffic between points within that territory and points outside that territory except traffic subject to jurisdiction of the Trans-Continental, North Pacific Coast and Pacific Southcoast Freight Bureaus. The net result of such machinery is that identical railroads vote twice on the same subject matter between the same points. Soo, Milwaukee, Great Northern, Northern Pacific and C&NW each vote as one of eight member lines (contrasted to one of approximately thirty lines in Western Trunk Line Committee), on the same subject between the same points. Thus, two rate committees have jurisdiction over the same subject matter between the same points and five large railroads have representation on both committees. Interveners contend that while there may be some justification for such a situation when Great Northern and Northern Pacific terminate at St. Paul, there would be a change of circumstances when, after unification, the merged lines terminate at Chicago, with extensive lines throughout Western Trunk Line territory. Accordingly, it requests that as a condition of unification, the jurisdiction of the Northern Lines committee be restricted to freight traffic moving within the geographical confines of that committee.

Interveners' proposal involves a complex problem of modification of agreement approved under section 5a,

and while approval of the transactions as proposed would no doubt have some effect on the rights of the parties under the agreement, it does not appear appropriate in these proceedings to take the action requested because all the parties involved in the proceedings in which that agreement was authorized, particularly the three North Dakota carriers not identified on this record, are not before the Commission in these proceedings. While interveners face a serious problem resulting from unification, it is not without an appropriate remedy. However, interveners' remedy does not become available to it until unification is accomplished, in which case, if it considers its position aggrieved, it may seek reopening of the *Western Traffic Association Agreement* case, *supra*, with a view to obtaining appropriate modification.

In addition, Intervener *Red River Valley Potato Growers Association* (East Grand Forks, Minn.), a similar organization to those just mentioned, although confining its interest to growing, promoting, handling and marketing potatoes grown in eastern North Dakota and western Minnesota, supports unification on a similarly qualified basis. It points out that the Red River Valley is the third largest potato producing area in the country, is some distance from competitive markets, and is, therefore, concerned with rates. Its concern over car supply deals primarily with refrigerator cars by which merger would provide a broader source of supply. In addition, unification would result in all Great Northern and Northern Pacific points in the Red River Valley area becoming one-line points and thus open up new opportunities for processing and storing. Since exempt trucking is increasing, intervener looks for lower rail rates, since it prefers to ship by rail. It supports rail transportation because it feels it could better control the integrity of its product on the nation's markets by use of such mode.

Since competition among exempt truckers tends to concentrate at certain points, such as along major highways and at points where there is a concentration of storage, it feels truckers would reduce their rates at such points and not at the smaller points, thus working to the

disadvantage of many of its members. It has found the rails have maintained a uniform level of rates for all, which contributes toward maintenance of a cohesive organization.

Intervener urges that all present railroads be retained in their present competitive position. Moreover, it encourages the continuance of present level of service on the various branch lines in the Red River Valley. In short, it urges no discontinuance or curtailment of services on those important branch lines. Unification would provide it with many more rail stations that can be reached on a single-line basis, thus eliminating many switching charges and facilitating potato transit operations. Intervener's evidence deals much with generalities and argument and is devoid of specifics. For the most part, it is concerned with competition, although it offered little evidence to show the significance of competition and how it meets its transportation requirements. Its fears for Milwaukee are in general terms and does give some support to consideration of appropriate protective conditions for that railroad.

Interveners the Seattle Traffic Association and the *Seattle Chamber of Commerce*, of Seattle, support the proposed unification as a step in enabling the railroads through financial solidarity to hold the line on rates, to attract and recapture lost business and provide efficient and better service. The former, a voluntary nonprofit shipper organization with 130 members, manufacturers, wholesalers, jobbers, etc., located in Seattle and its metropolitan area, is concerned with matters relating to services, rates, fares and charges via the several modes of transportation, including rail carriers. The latter, with about 4,000 members, many representing wide variety of businesses, is vitally concerned with traffic development, and with favorable rate structure to enable its members (many of which are substantial shippers and receivers of rail freight via applicant lines and other rail lines serving the area), to compete in distant markets and receive its goods and raw materials. It views rail competition an important factor, has considered its success-

ful role in the past in the economic health of the Pacific Northwest, acknowledges that healthy and vigorous competition between rail carriers produces better service at lower rates, and concurrently requests herein imposition of such conditions as may be necessary to safeguard (1) other rail carriers in the area, preferably the standard routing conditions, and (2) the rights of employees now in service on the merging lines, in accordance with federal laws or existing agreement, if any.

Interveners point out that the welfare of the Pacific Northwest is greatly dependent upon the continuation of a rail rate structure which would enable that great producing area to market its products at distant points, and to receive from distant points products and raw materials needed in its manufacturing and production facilities. They are aware of railroads' loss of business to other modes and the desire to retain and recapture as much business as they can, but emphasize strongly that such a course would require not only efficient railroad operations and better service, but a strong financial position that will enable avoidance of extensive rate increases.

One of their members, with a plant located at Renton, is engaged in the manufacture of aircraft and related assemblies. Although concerned mostly with inbound traffic (3,000 cars annually), its outbound traffic (6,000 cars annually), is significant. Time in transit is an important factor in its movements. It utilizes considerable special rail equipment (it owns 55 cars specially equipped), and foresees a single-line service from its plant with simplified accounting available as a result of elimination of many separate demurrage agreements. It has high hopes the railroads will be able to meet the ever changing needs for newer types of services and special equipment and supports the proposed merger to that end.

Interveners Tacoma Chamber of Commerce, and *The Port of Tacoma* (Wash.), the former a voluntary nonprofit organization representing approximately 2,000 commercial, professional and industrial concerns in Tacoma and environs, many of which are the principal users of freight services, and the latter, a Washington

municipal corporation, responsible for developing cargoes for movement through Tacoma harbor, and development and administration of industrial districts, support the proposed unification, contingent upon the imposition of adequate safeguards to assure the continued competitive balance.

Tacoma is highly industrialized, with over 550 manufacturers of a wide variety of products. It is served by four trunk line railroads, Milwaukee, Great Northern, Northern Pacific, and Union Pacific, and by its own municipally owned Belt Line Railroad. The Port of Tacoma owns and operates its own switching railroad which connects with trunk lines serving Tacoma either directly or through the Tacoma Municipal Belt Line Railroad.

Because of the vital role of the railroad in Tacoma's continued economic growth and industrial development, interveners devoted considerable study to the proposed unification. The Chamber of Commerce, after considerable discussion with representatives of the rail lines, and of civic and labor interests, in June 1961 enacted a resolution supporting the proposal, contingent upon the Commission's final order containing adequate safeguards to protect the competitive opportunities of other railroads serving Tacoma. Subsequently, in March 1962, The Port of Tacoma adopted the same position. Because of the type of manufacturing engaged in Tacoma, the type of import and export commodities handled through the Port, the distances which its products must be transported to reach important eastern and midwestern markets, it has a vital interest in reasonably priced, reliable transportation.

Interveners support the proposition that every reasonable opportunity should be granted railroads to help them meet ever increasing costs and competition—through maintaining rates which will enable shippers and receivers at Tacoma to remain competitive with other areas of production. In addition to their stated position of support with adequate competitive safeguards, they evidence strong concern over the maintenance of the present competitive route between Tacoma

and British Columbia and the elimination of non-competitive switching charges. In view of the conclusions reached here and the resulting recommendations, further discussion on those points is unnecessary.

Interveners the Tolin Group, representing some 230 Pacific Northwest shippers or receivers of freight, associations of shippers or receivers of freight, and transportation advisory organizations, and comprising the *Alaska Copper Companies and 92 others jointly, Washington-Oregon Shippers Cooperative Association and 56 others jointly*, and *Whatcom County Traffic & Rates Bureau and 79 others jointly, all intervenors*, support the unification with the qualification that the Commission impose as conditions to approval Milwaukee's requested conditions 2 and 5 involving (1) trackage rights from Longview Junction to Portland on the same terms and conditions as the Union Pacific has over that track, and (2) elimination of non-competitive switching charges on traffic switched at common points on the merged lines with Milwaukee or other lines, subject to reasonable terms and conditions for such reciprocal switching services. The Tolin Group takes no position, for or against other conditions sought by Milwaukee or other interested railroads.

The broad scope and intensive interest of the several shippers or associations comprising the Tolin Group cover 13 associations or ports or shipping groups, 30 fresh fruit and vegetable shippers, 55 wholesalers, jobbers or distributors, 5 lumber or related products shippers, 12 clothing manufacturers, 17 department store or retail chain organizations, 5 peat moss shippers, 6 evergreen or Christmas tree shippers, 16 fish or fish products' shippers, 36 furniture or mattress, etc., manufacturers, and 35 miscellaneous manufacturers, located primarily in Washington and Oregon, with branches and divisions in virtually all of Mountain-Pacific Territory, in British Columbia and Alaska. They also include three major pool car shippers' associations, the Port of Pasco with its giant warehousing complex at Pasco, Washington, the Port of Bellingham and the Bellingham Chamber of Commerce so vitally interested in freight rates to and

from Northwest Washington, the Northwest Fisheries Association, the Washington Potato & Onion Growers & Shippers Association, and the Northwest Furniture Manufacturers Association. Six of the shipper associations annually ship over 16,000 carloads of freight. The interest of the intervener shippers in the merging lines and Milwaukee is not an academic or political interest, but a "hard dollar" interest, real and vital to the success of their businesses, and rail transportation; its cost and its quality, is of prime importance.

Interveners favor unification with conditions for several reasons, in support of which strong and persuasive evidence demonstrates numerous significant facts and factors. The shippers represented feel that the proposed unification is vital to the development of, and transportation to and from, the Pacific Northwest, and that the benefits to them far outweighs the negative points brought out by opponents of the proposal who are primarily in the railroad labor or political or nonshipper fields. Its evidence shows that unification will result in many substantial benefits in the form of more advantageous carload stop-off and carload intransit privileges, more efficient handling and servicing of railroad car supply problems, and in faster transcontinental schedules, with two alternative open routes to provide greater dependability of service than any one line or route can provide today. It would also broaden territorial coverage, open up origin areas and destination markets, provide faster service, more cars and better stop-off possibilities and thus provide Pacific Northwest shippers with greater opportunity to broaden their markets, and its evidence also shows that the shipping public generally supports unification with and without conditions favoring Milwaukee, or other, railroads. Moreover, it shows that unification should result in a better financial position for the merging lines which should be a restraint on future rate increases and permit lower freight rates for Pacific Northwest shippers. It points out that a strong consolidated line and a more competitive Milwaukee can help the whole Northwest better meet Canadian railroad competition moving

via Prince Rupert, B. C., for the vitally important Alaska trade, since lower freight rates cannot come except by lower costs, which should result from unification and make possible railroad freight reductions or absorptions that cannot otherwise develop. Its evidence confirms that of applicants that unification will substantially reduce the costs of operation of the subject lines by consolidating terminals and operating and traffic and administrative functions, by shortening routes, eliminating circuitous hauls, and in diverse other ways. Moreover, the growing competitive situation faced by the railroads in the intercoastal trades, coastwise along the Pacific Coast, with barge and inland water carriers on the Columbia River after the John Day dam (midway between Portland and Pasco), is completed in 1965-66, from air freight services, and from the large transcontinental and western motor carriers which have expanded through merger and acquisition proceedings in recent years, some of which have systems which blanket an area far greater than the area of the proposed unified lines, is such that unification will clearly assist the railroads involved to better meet the current and anticipated added competition.

The huge loss of Washington intrastate rail revenues (from $13,658,861 in 1946 to $10,275,000 in 1960), in relation to intrastate truck revenues (from $30,861,525 in 1946 to $65,949,000 in 1960), shows the effect truck competition has had on the railroads, and justifies the merger proposal which would be a great aid in reducing costs and improving services. Unless the costs of railroad operations can be reduced, private, exempt and other motor carrier trucking, which is growing at an alarming rate, will continue to erode the shorter-haul railroad business (below 500 miles[38] in length of haul), and it is obvious unification proposed can reduce the cost of railroad operations for the subject railroads. Moreover, its evidence shows that the subject railroads face drastic

[38] System average haul—1960—for Northern Pacific 461 miles.
—for Great Northern 330 miles.
—for Burlington 323 miles.
—for Milwaukee 355 miles.

reductions in their revenues from many competitively-forced freight rate reductions, from added direct import competition, which can eliminate much domestic rail transportation, from a possible large reallocation of railroad divisions of revenues to Eastern railroads as a result of the determination in No. 31503, *A.C. & W. Railroad* v. *A.T. & S.F. Railroad*, 321 I.C.C. 17, decided March 21, 1963, on reconsideration I.C.C. , decided December 31, 1963 (Division's case), and from loss of much freight weight revenue by the mushrooming use of light-weight materials such as plastics and dehydrated foods in place of older heavier-weight materials, and that the loss of such substantial existing revenues could materially injure the respective lines, whereas under unification, the merged lines can better stand such adjustments.

Intervener correctly points out that to compete the railroads will have to purchase vast new quantities of special equipment, such as wide-door cars, "D-F" cars, covered hopper cars, mechanical refrigerator cars, piggyback trailers and flat cars and trucking equipment and will have to give more transloading and terminal services to stay competitive. Additionally, sales efforts must be intensified to meet the large and stronger motor carrier solicitation to make the railroad system stronger and better financed. It also points out that unification will drastically reduce transcontinental mileage and that unification can recover lost rail transcontinental tonnage if rail costs can be reduced, and that these factors will greatly assist Pacific Northwest shippers and manufacturers to service their Pacific Northwest markets. It also points out clearly that reduced costs as here proposed can well justify reduced rates or stabilize the situation against further rate increases which it considers are the most important bases of its support. Moreover, the proposed faster and more dependable freight schedules with two California routes and two transcontinental routes provide a dependability no single railroad can now give. Intervener gives strong support for the added stop-off privileges, more efficient dispatch of rail cars, easier tracing of cars, less

accounting and clerical costs and other savings so well demonstrated in this record.

Intervener's evidence demonstrates that a competitively strong Milwaukee is essential to the economy and shipping public of the area involved, and that Milwaukee, the financial condition of which is not favorable, will sustain substantial revenue losses to the merged lines following unification, unless conditions such as Milwaukee's conditions 2 and 5 are imposed to any approval order herein, which would permit it to be competitive. Further, it points out that Milwaukee will face substantially greater competition from the merged lines than it faces from the separate applicant lines, and that non-competitive switching charges to and from shippers located on the smaller Milwaukee, which would not be charged shippers located on the merged lines at competitive points, could result in few, if any, new industries locating on Milwaukee after unification, and that if unification is approved without conditions to assist Milwaukee, it is questionable whether Milwaukee could continue to exist as an effective competitive railroad to the merged lines.

Its evidence shows that because there has been a great increase in stop-offs involving Portland with Seattle, Portland and Spokane and other points, that stop-off cars to serve Portland is a rule and not an exception, on a vast amount of general merchandise traffic, since railroad carload minimums have been greatly increased under incentive rates while shippers desire lower and lower inventories. Its evidence shows that Portland is an essential part of the Pacific Northwest market area and Milwaukee must service it direct to be truly competitive, and that without a Portland gateway, Milwaukee would continue to decline. Significantly, it shows that direct access to Portland will enable some of its shippers in Portland to obtain rail service without withdrawing all of its business from Milwaukee and unless Milwaukee matches the new faster service of the New Company to Seattle, Tacoma, and Spokane that entire traffic will have to be taken from Milwaukee. Significantly, it points to the lack of any coordinated schedules (after three years of effort),

between Union Pacific and Milwaukee via Marengo which convinces its shippers that a direct Portland gateway is the only real solution to Milwaukee's problems. Its evidence shows Milwaukee will lose substantial revenue to the merged lines unless it obtains direct entry to Portland on a time schedule timetable with the merged lines and that it will face substantially greater competition from the merged lines than it faces from those of individual lines.

Non-competitive switching charges to and from shippers located on Milwaukee which would not be charged shippers located on the larger merged lines at competitive points could also result in few, if any, new industries locating on Milwaukee after unification.

However, while the evidence of the Tolin Group provides strong support to the necessity for consideration of imposition of the requested conditions, further discussion is unnecessary in view of the action recommended in connection with those requested conditions, as previously discussed.

Intervener Province BC supports the proposed unification with the qualification that ample terms, safeguards and conditions be prescribed by the Commission to assure through routes and joint rates be protected should the unification be authorized and consummated to insure the maintenance of competitive connections with American rail carriers other than Great Northern and Northern Pacific. Its position is predicated on the propositions that shippers and receivers of freight to and from British Columbia need competitive railroads (as regards rates and services), to insure proper development of an increasing volume of traffic to, from and via western United States which can best be achieved by maintenance of competition at Sumas and the retention of present rates and routes including those presently established by Milwaukee through that gateway; that the proposed unification, though otherwise desirable, could reduce traffic through that gateway and impair the competitive strength at that point; and that present operating arrangements between Milwaukee and Great Northern between the points of

Everett and Bellingham be continued and made permanent as part of the Commission's order herein. It fears that upon unification, Milwaukee would revert as a barge service operation which was superseded by the present operating arrangement between Milwaukee and Great Northern between Bellingham and Everett, and that present arrangements be continued and strengthened.

Its evidence shows that British Columbia has an area of 365,815 square miles; that forest lands form 58.2 percent of that area; that agricultural and urban land form 0.7 percent of that area, and 57 percent (920,872), of the population of the Province (1,629,082—1961 est.), live in the area of the lower mainland, the area immediately served by Milwaukee, Great Northern and Northern Pacific, and that the most economical market to which the Province would naturally and normally look for its source of supply is the western United States, and in particular Washington, Oregon and California. The population of the area has evidenced a marked increase in recent years, and the rate of growth is exceptionally high.

The amount of agricultural products imported into British Columbia and a large proportion of the agricultural products consumed therein come from Washington, Oregon and California. British Columbia offers an increasing market for both agricultural and manufactured products from principally those States. Intervener's concern of potential monopoly over rates and services is strong and it fears that applicants, if unification is approved without appropriate conditions, would gain an exclusive monopolistic control over transportation services by rail between the Province of British Columbia and a large area of the United States, unless Milwaukee's competitive position is preserved.

The Pacific Great Eastern Railway Company (PGE), and the railways of the former British Columbia Electric Railway Company (BCE), operate within the Province 865.18 miles of mainline railway under Provincial jurisdiction, as against 3,294.06 miles of mainline railway operated by other companies and within the jurisdiction of the Board of Transport Commissioners for Canada. The railway gateways and border connections within the

Province are the ports of entry of Squamish Dock, D. C., at which PGE connects with barge lines to Seattle connecting with Milwaukee, Northern Pacific and Union Pacific; Douglas, B. C.—Blaine, Wash., at which Great Northern operates through interchanging with Canadian National Railway (CNR), Canadian Pacific Railway (CPR), and BCE at New Westminster, B. C., with CNR and CPR at Vancouver, B. C., and with PGE at Vancouver through CNR or CPR; Huntington, B. C.—Sumas, Wash., at which BCE interchanges with Milwaukee and Northern Pacific and CPR interchanges with Northern Pacific; Oroville, Wash., through which Great Northern operates a branch line to Keremos, B. C.; Laurier, Wash., through which Great Northern operates interchanging with CPR at Grand Forks, B. C.; Northport, Wash., through which Great Northern operates interchanging with CPR at Nelson, B. C.; and Kingsgate, B. C.—Eastport, Idaho, at which Spokane International connects with CPR (Spokane International connecting at Spokane with Great Northern, Milwaukee, Northern Pacific and Union Pacific).

The ports of entry of Blaine and Sumas should be considered as one railway gateway, as they serve the area in the Province containing the largest part of the population of the Province. The development of freight traffic between the western United States and the Province of British Columbia requires the maintenance of competition at those gateways. Moreover, the evidence shows that while motor truck transport provides substantial competition, particularly in the movement of fruits and vegetables inbound to Vancouver, it also amply supports the conclusions that Milwaukee is a competitive rail factor and should continue to be maintained as an effective competitor at the gateway of Sumas. Likewise, that if effective competition is not maintained at those railway gateways, it would disrupt the rate structure beween the western United States and British Columbia. If effective competition is not maintained at Sumas, it would, no doubt, become monopolistic under the control of the merged company. That situation, in conjunction with control of

Everett-Bellingham traffic and the Portland gateway would give the merged company a further hold on all north-south traffic. With Milwaukee as an effective competitor, however, if it could provide a single-line service via Sumas comparable in time and rates with the service of the merged company to and from Seattle, Tacoma and Portland, and establish competitive through routes via Portland in connection with Southern Pacific, the four Canadian carriers, CPR, CNR, PGE, and BCE, could find the new line would effectively replace the competitive force lost through merger of Great Northern and Northern Pacific. Thus, the retention of a strong effective competitive railroad at the Sumas-Huntington gateway which would benefit those concerned in the movement of north-south traffic is a necessity to the British Columbia economy.

Other interveners—In support of conditions, but neither in support of, or opposed to, unification as such.

Another group of interveners entered their appearances primarily or exclusively in support of imposition of specific conditions or conditions generally as their interests appear which would assure to them the preservation or improvement of their respective interests, although they are not opposed to unification as such. Their interests, evidence, and arguments advanced are broad and substantial, and are thus identified and will be discussed.

The Michigan Public Service Commission intervened in support of the requests of Milwaukee, C&NW and Soo for the imposition of conditions as a prerequisite to authorization of the transactions here involved. As those railroads serve the Upper Peninsula of Michigan, a large land area with a population of about 305,000 people, which intervener considers an economically depressed area, it feels that if deterioration or curtailment of service by those carriers becomes necessary as a result of the proposed unification that such will take place in the depressed area from which those carriers obtain lesser proportions of their revenues. Industry in the considered

area is in process of a real and serious revival, and a sound transportation system in the area is essential to its success. Intervener urges imposition of the conditions requested by those above-named intervening railroads in order that diversion of traffic from them may not reach the point where it would result in their destruction or the impairment of their financial condition to the point where curtailment or deterioration of service would be the inevitable result. Its witness' knowledge of the effect of the conditions requested appears limited. It argues that imposition of the conditions requested is reasonable and will minimize the diversion of traffic from those carriers, and also minimize the threat of injury to the Upper Peninsula of Michigan. However, on the basis of the conclusions reached herein, those carriers which it supports should encounter little, if any, adverse effect upon consummation of the proposed unification, if authorized.

Intervener Southwest Oregon Shippers' Traffic Association, Incorporated, of Roseburg, Oregon, a nonprofit corporation supported by lumber, plywood, and forest products mills in southwest Oregon, promotes transportation facilities which are on or can be located within, or are available to southwest Oregon. Concerned with adequate and competitive transcontinental railroad service in its area, intervener supports Milwaukee's requested condition dealing with entry to Portland, because it (1) would add greatly to the car supply in Oregon, in that Milwaukee has one of the largest box car fleets in the United States, (2) would preserve a choice of competitive rail service over northern routes, (3) would provide additional rail competition for northbound and southbound traffic along the Pacific coast, and (4) would offer its members an additional rate-making route north and east of Portland gateway.

Intervener provides freight traffic counseling service to its 35 members, which shipped a total of 47,400 rail carloads of their products in 1961, the bulk moving on transcontinental routes. All its members are located on the lines of Southern Pacific, on which they depend for car supply, and approximately 97 percent of production by rail.

While its shipper members have an abundance of routing available, some with restrictions, intervener expresses strong need for competitive rates. Other than its support for imposition of the stated Milwaukee condition, it expresses no support for or opposition to the proposed unification.

Intervener Wisconsin expresses no support for or opposition to the applications, but contends that approval of the unification as proposed would impede rail competition outside of Wisconsin to an extent detrimental to Wisconsin's principal railroads, ultimately to be reflected in deteriorated rail service to the state. Thus, it supports imposition of such conditions in any approval herein as are necessary to protect the financial integrity of those competing railroads of vital importance to its state, viz., C&NW, Milwaukee, and Soo. Those carriers provide in excess of 90 percent of the rail service based on communities served, miles of road operated, and tonnage transported. Wisconsin recommends no specific conditions requested by the several interveners, but relies on the judgment and expertise of the Commission as the circumstances and the record may warrant.

Since applicants' estimate of revenue gain from diversion of traffic from other carriers would approximate $12,044,709, the difference of approximately $38 million between applicants' total estimate and the potential of $50 million additional revenues from long-hauls of interline traffic by the unified company is of vital concern to it due to the impact any substantial diversion of traffic would have on the railroads serving the state. Equally significant to it is the fact that virtually no consideration was given to the benefits the unified company would attain by reason of improved service and facilities, extensive single-line service, faster through schedules, increased car supply, broadening of transit provisions and mechanization, since all of those factors are in the nature of added competitive advantages the unified company could offer as contrasted to the level of competition that exists between the applicant railroads and other carriers. The amount of diversion of potential longer haul of interline traffic by the merged lines is not susceptible to

accurate measurement but would be related to competitive advantages obtained by the merged lines. Moreover, the various described benefits advocated by applicants are added competitive advantages the merged lines could offer as contrasted to the level of competition presently existing.

Each of the three carriers' operations in Wisconsin cover wide areas of the state and involve numerous main and branch lines. Intervener's evidence shows that for 1960, of 1,138 rail freight stations in Wisconsin, 325 were located on Milwaukee, 454 on C&NW, 259 on Soo, and 61 on applicants (Great Northern, Northern Pacific and Burlington), that of those 1,138 freight stations, 248 are located at competitive points—78 on Milwaukee, 79 on C&NW, 60 on Soo and 21 on applicants, that 890 are located at non-competitive points—252 on Milwaukee, 375 on C&NW, 199 on Soo and 40 on applicants; of miles of road operated in Wisconsin (6,090) Milwaukee operated 1,520, C&NW 2,633, Soo 1,331, applicants 344, and others 262, of tons of freight originated in Wisconsin (16,355,000 tons) Milwaukee originated 5,013,000, C&NW 7,057,000, Soo 3,072,000, applicants 788,000, and others 425,000, of tons of freight terminated in Wisconsin (27,760,000 tons) Milwaukee terminated 8,611,000, C&NW 12,122,000, Soo 4,004,000, applicants 1,629,000 and others 894,000.

Other evidence reflecting freight and passenger operating data demonstrates the importance of Milwaukee, C&NW and Soo to Wisconsin. In 1960 its three principal railroads contributed $4,326,000, or more than three-fourths of the total railroad tax burden to the state, and employed more than 86 percent of the total railroad employment in Wisconsin. Viewing 1960 annual net railway operating income of all the Wisconsin rail carriers, the three principal railroads' income aggregated $10,927,137, or 16 percent of the total as against applicants group $45,183,486, or 65 percent of the total. Further, in respect of net income, the three principal Wisconsin carriers encountered combined deficit aggregating $6,191,373, whereas applicants' net income aggregated $51,763,546, or 91 percent of the total. It contends that if unification is approved without conditions the disparity will become considerably

greater considering the additional income which would accrue to the merged lines through claimed savings and economies.

While the proposed unification would not result in material change in operations in Wisconsin, except certain terminal revamping at the Head-of-the-Lakes area, and since little competition exists between applicant lines and the Wisconsin principal railroads, the factor of competition between applicants and the three principal Wisconsin railroads is that which exists in the vast territories beyond the State of Wisconsin, and is intervener's principal cause for concern. It maintains that the estimates of applicants dealing with prospective diversion of traffic and revenue from other rail carriers, particularly on longer hauls, are predicated on judgment percentages for various commodities and commodity groups and could prove to be unreliable.

Aside from the varied estimates of traffic losses to the principal Wisconsin rail carriers, it is significant that the losses of the magnitude portrayed of record by both applicants and interveners Milwaukee, C&NW and Soo are such that any reductions on freight revenue unaccompanied by equivalent savings in expense would threaten the Wisconsin rail carriers' solvency, which makes imposition of conditions imperative.

Intervener Wisconsin Manufacturers' Association expresses no opposition to unification so long as conditions are imposed to safeguard Milwaukee and C&NW should the unification be authorized and consummated. Intervener association is composed of some 1,200 manufacturers in Wisconsin, about 4 percent of which are served by Burlington, Great Northern or Northern Pacific, the remaining 96 percent are served by Milwaukee, C&NW or Soo. Although other rail carriers operate in Wisconsin, the latter three lines operate 90 percent of the rail mileage and carry 90 percent of the total rail tonnage in Wisconsin. Intervener fears that since those carriers come into active and vital competition with applicant railroads in areas other than Wisconsin, the competition would be affected seriously by the proposed unification. It expresses concern that losses anticipated by Milwaukee, C&NW and Soo, if realized, would cause service to suffer.

It recognizes the scope and significance of the stipulation between Soo and applicants and urges the stipulated conditions be imposed. While it undertakes no analysis or evaluation of the differences in losses to Milwaukee and C&NW as claimed by them as against applicants' projections, it feels that any conclusion must be a matter of judgment and assumes that substantial revenue losses would, nevertheless, accrue to Milwaukee and C&NW upon unification. Because it fears those carriers are unable to withstand substantial revenue losses, it concludes that resulting reductions and impairment of services to shippers and receivers cannot be doubted. It, therefore, concludes that the Wisconsin railroads cannot absorb substantial losses of traffic and revenues without offsetting economies through withdrawal of essential services, abandonment of branch lines, and the like. It indicates that if unification is denied it sees no reasons why the present climate of active and vigorous competition would not continue.

It urges that recognition be made that the conditions proposed by Milwaukee and C&NW are designed and purposed for a necessary and desirable end in the public interest and that they be given careful consideration as the means whereby the continuance of adequate railroad service to shippers within and throughout Wisconsin may be preserved.

Other interveners—In opposition.

A number of interveners express opposition to the proposed unification. Only four, Iowa, South Dakota, Oregon, and Agriculture, alternatively would support imposition of specific conditions for the protection of certain railroad interveners in the event the Commission finds the transactions otherwise consistent with the public interest. The remainder are unalterably opposed to unification for various reasons. Their evidence and arguments cover broad fields of interest and will be discussed.

Intervener Iowa opposes the applications contending unification as proposed would adversely affect the competitive position of interveners Milwaukee and C&NW

to the extent that they would suffer serious traffic losses which would substantially affect their ability to serve the State of Iowa and other areas they now serve and thus impair their present usefulness, and is particularly concerned with preserving rail service to the 259 Iowa communities now served by Milwaukee. Alternatively, it urges, if the Commission finds the transactions otherwise consistent with the public interest, imposition of conditions requested by Milwaukee and C&NW (which it asserts would benefit some Iowa shippers located on those lines) in any order approving the proposals, although it expresses no knowledge or concern of the effect upon applicants of imposition of such conditions. If such conditions were imposed, it would withdraw its opposition.

Intervener's position is predicated primarily on the evidence introduced by Milwaukee and C&NW in support of their contentions of harmful adverse effect. Faced with a choice between improved service to shippers on the lines of Burlington and economic disadvantage claimed by Milwaukee on the one hand, and the continuance of the status quo, it prefers the latter. While Iowa's objections are clearly defined of record, its position is diametrically opposite to that of its governor who, as the highest elected state official, testified in support of applicants' proposal in general terms. It concludes that applicants as unified would be in a stronger position competitively in relation to Milwaukee and C&NW, and in a much better position financially.

Its evidence shows that seven major railroads and three or four other lines serve the State of Iowa, of which only Great Northern (60 miles), Union Pacific (10 miles) and Milwaukee (1,782 miles) provide single-line service to the Northwest Pacific coast, that the state has a population (1960) of 2,757,537, of which 862,869 are located at 259 points in the state served by Milwaukee, that of those points, 184 are incorporated cities or towns of which 127 are served exclusively by Milwaukee, and 75 unincorporated communities or stations of which most are dependent solely upon Milwaukee for rail service; that Milwaukee serves 56 of the 99 counties in Iowa; that Milwaukee operated 1,782 miles of rail lines in Iowa of

which 549 miles were branch line; that in 1960 91,239 carloads of freight aggregating 3,159,504 tons originated, and 87,956 carloads of freight aggregating 3,459,159 tons terminated on the lines of Milwaukee in Iowa; and that Milwaukee paid taxes to the State of Iowa for 1960 aggregating $1,501,649, and employed in the state in 1960 a total of 2,062 employees with an aggregate payroll of $12,474,938. Further, the C&NW operates 2,153 miles of rail line in Iowa, which includes the lines of M. & St. L. acquired; that in 1960 82,473 carloads of freight originated and 83,885 carloads of freight terminated on its lines in Iowa (exclusive of M. & St. L. carloadings); that together with M. & St. L., C&NW paid taxes to the State of Iowa for 1960 aggregating $1,343,368.

Intervener is impressed with the testimony of nine shippers with plants and facilities located in the State of Iowa concerned with favorable action on the conditions 1 and 2 requested by Milwaukee and those conditions requested by C&NW relating to the Oakes and Crawford gateways, who are dependent upon the services of those railroads. On the basis of the data presented by Milwaukee and C&NW and concerned with the continued maintenance of that service in Iowa, on the one hand, and, on the other, the data presented by applicants concerning Burlington, and its service in Iowa, intervener asserts there can be no argument that Burlington will not be able to continue to perform its present service without unification.

However, it is clear the arguments advanced by intervener Iowa are primarily directed in support of those of interveners Milwaukee and C&NW, previously discussed. Significantly, the maintenance of continued operations by Milwaukee and C&NW in Iowa, are essential. The findings, appropriately conditioned, would insure the continued stability of those carriers in the event of consummation of the proposed unification. The improved services available to Iowa shippers and receivers both by applicant New Company, upon unification, and the named competing intervener carriers, would be beneficial and clearly in the public interest.

Intervener South Dakota opposes unification contending consummation thereof would be harmful to interveners Milwaukee and C&NW, upon whom the farmers and shippers of that state primarily depend for direct rail service throughout the state, to the extent they would suffer serious traffic losses. However, if the Commission finds the transactions otherwise consistent with the public interest, it supports imposition of appropriate terms and conditions, in addition to those agreed to by applicants, to fully protect the two principal rail carriers in South Dakota (Milwaukee and C&NW), in their competitive relations with the applicant railroads. Its governor, deeply concerned, indicated that if unification should be authorized without imposition of conditions requested by Milwaukee and C&NW, it would cripple and diminish their power to compete adequately with the merging lines, which would be detrimental to the State of South Dakota, and its shippers and receivers.

South Dakota fears that unification as proposed would create a rail network under single management between Chicago and the West Coast, eliminate competition between the merging lines, and that if granted without imposition of the conditions requested would adversely affect Milwaukee and C&NW and their ability to compete with the merged lines, would imperil the service Milwaukee and C&NW provide and the continued maintenance of the many needed branch lines in South Dakota upon which the impact of such losses would first fall which would be harmful to shippers and receivers of freight in South Dakota, and thus impels it to urge the adoption of the conditions advocated by Milwaukee and C&NW.

Its evidence, through two witnesses, shows that four major railroads serve the State of South Dakota (population 708,000, 1960 est.), Milwaukee, C&NW, Great Northern and Burlington. Data for 1960 in respect of the mileages of rail lines, revenue, assessed valuation and number of stations in South Dakota shows:

Line	Mileage Total	Mileage Branch	Revenue	Assessed Valuation	No. of Stations
Milwaukee	1,738	(695)	$15,917,085	$43,114,313	166
C&NW	1,459	(742)	7,896,673	24,183,766	131
Great Nor.	358	(345)	846,560	8,045,435	38
Burlington	183	(135)	1,495,243	5,048,600	10

In 1961 Milwaukee and C&NW paid a total of $1,173,000 in taxes to South Dakota as against Great Northern and Burlington which paid $174,238. During 1960, 2,633 carloads of freight traffic of Milwaukee originated or terminated in South Dakota from or to points in Washington, Oregon, Idaho and Montana representing $1,412,903 in freight revenue of which Milwaukee's division aggregated $1,000,672. During that year, South Dakota produced commodities with an aggregate value of $1,039,724,000 available for rail transportation. During 1960, 4,516,436 tons of carload traffic originated and 3,174,620 tons of carload terminated in South Dakota, and in 1961, 5,153,848 tons of carload traffic originated and 3,319,098 tons of carload traffic terminated in South Dakota. Moreover, 83 percent of all traffic originating and 86 percent of all traffic terminating in South Dakota during 1960 was handled by Milwaukee and C&NW.

South Dakota does not refute applicants' estimates of economies, improved service, added strength and anticipated benefits unification would afford. It argues that they are not in the public interest to the extent contributed by its farmers, shippers and industries which are essential to its economy. It fears elimination of competitive relationships between the merging lines, and affording to industries on their lines the benefits portrayed would result in a competitive transportation service with which shippers and industries located in and served by the South Dakota rail carriers would find it difficult to compete unless adequate terms and conditions are imposed to assure an equal quality of rail service.

Intervener The Public Utility Commissioner of Oregon opposes the proposals, contending that the economic base of the State of Oregon will continue to support competitive rail service and that loss of competition resulting from unification is not warranted; that New Company's car supply will not be improved; that loss of SP&S key personnel at Portland (through reductions and transfers) will not serve the public interest; and that discrimination in the rate structures will result.

Oregon is served by applicants, including SP&S, Southern Pacific and Union Pacific, which provide the state with three transcontinental routes: (1) traffic to southern and eastern points may move via the Southern Pacific or over a combination of the SP&S system and Great Northern through Klamath Falls, and then Western Pacific to Stockton, and then Santa Fe to form a southern route through Arizona and New Mexico to Chicago and other eastern points; (2) traffic to and through central gateways for termination at eastern points may move from Portland via Union Pacific over its Columbia River route to Omaha and points east, or from Portland via Southern Pacific to the Ogden gateway and a connection with Union Pacific to eastern points, or via a combination of the SP&S, Great Northern and Western Pacific through the Utah gateway and connecting principally with carriers which compete with Union Pacific; and (3) traffic to the northern tiers to states may move via the Great Northern or Northern Pacific.

Intervener contends that on unification, the benefits of competition now existing between applicants will be lost and New Company "will have an iron hand of monopoly" on the Portland gateway through which traffic to northern and eastern transcontinental points now moves, and it thus seeks either denial of the application or, if granted, the imposition of all of the proposed Milwaukee conditions and the adoption of the Oregon proposal as subsequently described.

Its evidence included a proposal that SP&S be withheld from the instant transaction, that Great Northern and Northern Pacific be required to dispose of their

stockholder interests in the SP&S, and that control of SP&S be acquired by Milwaukee; that SP&S dispose of Oregon Electric and Oregon Trunk to Great Northern and Northern Pacific and redeem its bonds now held by the latter companies; that New Company be granted trackage rights over SP&S between Spokane and Portland; and that Milwaukee be given joint trackage rights over the present Oregon Electric from Portland to Eugene in addition to trackage rights which it seeks between Longview and Portland. Since Milwaukee does not serve Oregon directly, and the use of that railroad by Oregon shippers is inhibited as a result of certain routing restrictions, Oregon contends its proposal would provide Milwaukee with competitive tools to avoid an unwarranted reduction in competition in terms of a concentration of wealth and traffic potential in the hands of New Company assuming that the authority sought is granted without condition or modification.

The evidence and arguments raised by intervener Oregon indicate its concern with rail competition and the effect on the growth and development of the various industries within the state. Its evidence shows the increases, since 1940, in carload movements, to, from and through the state, population, employment and industrial growth, and in some instances, also reveals declines in carload movements by the Northern Lines on traffic originating within the state and in one industry.

Oregon's population in 1960 was 1,768,687 which represents an increase of 63.2 percent over 1940. Farm employment in 1960 declined to 59,265, a decrease of 35.1 percent from 1940; while industrial employment increased by 97.2 percent between 1940 and 1958 to 132,572. The lumber industry, which accounts for two-thirds of all rail carloads originating in the state, had 2,760 establishments in 1958, an increase of 278.6 percent over 1940. Pulp and paper industries increased to 55 establishments in 1958, an increase of 89.7 percent compared to 1940. The increase in carload originations in the state from 1947 to 1960 in such commodities as veneer, plywood and build-up wood was 1,116 percent; pulpwood, up 294 percent; printing paper, up 159 per-

cent; paperboard, etc., up 2,718 percent; and wallboard, up 455 percent. The number of food establishments decreased by 14.9 percent to 566 from the number maintained in 1940. Canned goods and frozen fruits and vegetables are also important and growing industries in the Pacific Northwest. From 1940 to 1960, the amount of available carloads of canned goods increased from 10,236 to 18,891, an increase of 85 percent, and carloads of frozen foods increased from 2,385 in 1940 to 20,305 in 1960, an increase of 751 percent. As of 1958, there were 95 canning and freezing plants located in Oregon, with 52 in the Willamette Valley of which 13 are located in Salem. The Oregon Electric serves 24, and 28 are located on Southern Pacific. The services of both roads are available to many of these plants through spur or team tracks or because they are located at a point where competitive traffic is interchanged.

Oregon's dependence on rail service stems from the state's production of forest products, agricultural commodities, and processed foods which exceeds local demand, and the excess is expected to continue indefinitely. Conversely, the state's demand for manufactured goods exceed local production. Rail transportation is essential for an adequate balance of trade between Oregon and other markets. Oregon maintains that truck service cannot begin to fill the transportation needs of the raw material economy of the Pacific Northwest since lumber, plywood, paper products, aluminum, grains, and processed foods, all with markets thousands of miles away, are tied to rail transportation.

Railroads have played an important part in the development and growth of the state. Thus, intervener argues that any diminution or withdrawal in present rail service without replacement would adversely affect Oregon's public interest; that intramodal rail competition has been the backbone of the transportation system connecting the Pacific Northwest with the rest of the nation; and that Oregon, being at the end of the line of the system, has no suitable alternative route of transport. Further, that loss of competition between Great Northern and Northern Pacific existing between Oregon

and those points commonly served by both roads in the northern tier states militates against public interest, limits the routes available to shippers, and the access to available traffic by competing railroads. The traffic shown by the number of carloads carried by the railroads serving Oregon during 1960, is as follows:

Railroad	Originating		Terminating		Carried in Oregon	
Great Northern	14,507	2.9%	11,615	3.7%	131,484	9.6%
Northern Pacific	5,729	1.2%	8,621	2.8%	100,784	7.4%
Oregon Electric	34,712	7.0%	10,122	3.3%	38,834	3.0%
Oregon Trunk	12,006	2.4%	3,106	1.0%	91,538	6.7%
SP&S	27,084	5.4%	35,089	11.3%	116,715	8.5%
TOTAL	94,038	18.9%	68,553	12.1%	480,355	35.2%
Southern Pacific	317,039	63.7%	173,546	55.7%	575,729	42.1%
Union Pacific	86,476	17.4%	69,179	22.2%	310,138	22.7%
TOTAL	403,515	81.1%	242,725	77.9%	885,867	64.8%
Total by all railroads	497,553	100%	311,278	100%	1,366,222	100%

Viewing the above data, it must be borne in mind that, except for Portland and one agency station, Great Northern and Northern Pacific do not compete for Oregon traffic, and because of the relationship of the SP&S and its subsidiaries to Great Northern and Northern Pacific, it cannot be said that competition exists among these carriers. Moreover, 96.85 percent of the stations served by applicants will either continue unchanged after the merger or will continue to have service by two or more railroads.

While Oregon's economic base will support competitive rail service in that there will be traffic available which is expected to increase due to the state's development and growth, the state has viewed 'competition' in a vacuum. It contends that Great Northern and Northern Pacific are presently the major competitors for traffic along the northern tier states to Twin Cities and that following merger, one giant system would compete

with Southern Pacific and Union Pacific for east-west traffic and with Southern Pacific for north-south traffic over the present "inside gateway". The conclusion it draws is the concentration of Great Northern and Northern Pacific traffic is not needed to enhance effective rail competition in that state since it already exists; and that where the applicants are financially sound and intramodal competition can be maintained, this competition has been maintained. However, Oregon does not weigh diminution or loss of competition against the prospective benefits accruing to the state's shippers resulting from the merger. Its argument on this point is in general terms and assumes that a lessening of competition *ipso facto* requires the denial of the applications or the imposition of its proposal which literally rots the foundation on which the applicants expect to build a sounder transportation system in the Pacific Northwest. In view of the conclusions herein, providing for entry of Milwaukee to Portland which would permit it to be an effective competitor, further discussion on Oregon's argument is unnecessary.

Oregon maintains that the availability of cars will not improve following merger. Of particular concern to it is the removal from Portland of certain key personnel of the SP&S system who deal with the car supply problem in the area. Essentially, Oregon contends that the availability of cars will decrease under the management of New Company, and that the present arrangement of "grass-roots" distribution from Portland is more efficient than the proposed district transportation points to be established some 200 miles from the scene at Seattle with final distribution as between districts to be decided at headquarters, some 2,000 miles from Oregon.

SP&S, which receives its car supply from Great Northern and Northern Pacific, has in recent years suffered shortages of wide-door cars necessary for the loading of such commodities as plywood, fibreboard, wallboard and other like materials. Additionally, cars in bad-order condition are increasing, and those factors, coupled with greater economic activity, produce an even more severe shortage of general equipment. The unification, Oregon

argues, will not alleviate these conditions. Moreover, it asserts applicants' data on the indication of availability of cars following the merger (1,750 more cars) is not valid since it is based on 1956 levels of freight traffic and car inventory, whereas substantially higher traffic levels are predicted for New Company; that to have any validity, car inventories and traffic levels must bear the same relationship to determine the availability of cars. Oregon admits that, since 1956, there has been a downward trend in freight handled, and to a lesser degree, a downward trend in freight car inventory maintained by applicants; but those factors did not relieve the wide-door car shortage in Oregon which existed as late as 1961. Also, it asserts the availability of cars following the merger, even if it does occur, will be of no avail due to the rate of decrease of car ownership.

Oregon argues that the merger will not assure a more equitable car service in the northwest, in that only the headquarters of New Company would know what cars are available system-wide, and that distance therefrom creates a potential problem of communications on car needs from the Oregon area. Attacking applicants' reliance on a general redistribution of cars between Great Northern and Northern Pacific as increasing availability, Oregon argues that no study was made to show the savings involved in avoiding costly backhauls which the redistribution would curtail, indicating the significance of this redistribution cannot be measured in terms of public benefit.

Applicants' traffic patterns produce an off-line flow of cars with return of the cars mainly in the eastern sections of the system. New Company will have a greater perimeter and cars will be at home on Burlington points which would not be common to the present Northern Lines. Under these conditions, Oregon maintains that applicants could obtain the maximum dollar return from originating divisions between New Company and its eastern connections rather than from long haul revenues less long haul expenses, and that common business sense would dictate that course to the detriment of the West Coast originating traffic rather than returning cars from

perimeter points to interior stations. In comparison, Oregon prefers the present "grass-roots" distribution problems in that area.

Recognizing the benefits which competition brings regarding car supply and fearing that the proposed merger, eliminating the competition between the Northern Lines, would worsen the car supply available to SP&S (which relies on the Northern Lines) Oregon seeks, should unification be approved, the imposition of conditions dealing with car supply requiring (1) New Company to maintain records of cars ordered and filled on a daily basis, according to recognized classifications, at all district and division headquarters, and (2) all requests for information concerning car supply by public agencies concerned with this problem be honored as expeditiously as possible. That requested condition does not warrant imposition. The matter involves internal administration.

The present car supply problem shows that maintenance of the "grass-roots" distribution advocated by Oregon is no panacea. In fact, this problem is one of the motivating factors of the merger and the proposed method of distribution is designed to turn the tide. Oregon, in its presentation, has sketched the problem, but it is only through belief and conjecture that it arrives at its conclusion that the new method of car distribution will not fulfill its expected function. Applicants deny Oregon's allegation that perimeter points would receive preference in car supply demands. The very purpose of centralized car distribution is to provide and facilitate instructions for equitable car allocation throughout the system and that the districts would report at least daily on the status of cars and loading requirements. Coupling this with the faster return of system cars to system lines, applicants expect that the car supply problem will improve greatly. To retain the present methods would be tantamount to a failure to exhaust all of the potential of New Company within the area of bringing greater public benefits. Regarding the effect of competition between railroads on car supply, with Milwaukee's access into Portland, which is a condition herein of approval of

the merger transaction, that competition would be maintained.

Intervener submits that loss of personnel at Portland caused by changes in handling freight in that area following unification will result in a direct, negative, economical impact and, ultimately, service will suffer. Within the state, 531.2 jobs will be abolished at Portland (510.2), Klamath Falls (15), and Eugene (6). A total of 32 jobs will be added resulting in a net loss of 499.2 jobs lost. Gross loss of compensation is $3,114,796, and the net loss is $2,885,059. Portland will bear the brunt of this suffering a net loss of $2,918,544. This adverse affect alone, Oregon argues, warrants denial of the unification.

The abolishment of jobs and the failure by applicants to detail the nature of the staff and service at Portland to be available to the state's shippers indicates to Oregon that service will suffer. The present SP&S system will be broken up, in effect, since that portion of it from Wishram to Spokane, Wash., will be supervised by the Pasco division of New Company. Oregon contends that the jobs to be abolished at Portland involve the people who bear the prime responsibility for operation of their departments and represent the final authority to shippers desiring their assistance. The rail system that these officers represent originates most of its traffic in Oregon. What is to remain in Portland, Oregon maintains, is not in evidence and it deduces that personnel removal will change the city from a major rail terminal to a division point. No industrial development staff will remain in the state, it contends, and that, plus the elevation of Seattle to a division headquarters, places Portland at a competitive disadvantage with Seattle as seaports which vie for economic edges in rate matters. Under unification, Oregon fears that the balance will tip in Seattle's favor with the removal to that city of the SP&S personnel now at Portland. Oregon here seeks a staff representing New Company comparable to the existing SP&S officials at Portland; otherwise, it feels adequate transportation service in the state would not be promoted.

The effect of the unification on Portland and the state as a whole must be weighed against the resultant benefits and cannot be treated solely as Oregon does, nor is it a compelling reason for denial, especially with the modification permitting the introduction of Milwaukee into Portland, as described herein. The advent of Milwaukee into Oregon will compensate to a large extent for the expected losses due to the administrative and operational changes of New Company, and in all probability will completely overcome the expected job loss impact in Portland.

Finally, Oregon contends that the record does not clearly indicate the removal of discriminatory rates concerning the movement of woodchips originating at points on Oregon Electric and Oregon Trunk in Oregon destined to points on Northern Pacific in and around Longview, Wash. This results from not merging those two lines into New Company and will be the only area where two-line rates exist on applicants' lines following unification. Oregon argues that the situation is discriminatory unless all transit and diversion privileges and routing routes are accorded to shippers served by Oregon Electric and Oregon Trunk as if those roads were merged into New Company. It acknowledges applicants' commitment that the rates on woodchips between points on the Oregon Electric and Oregon Trunk and the New Company points in Washington will be made on the Washington single-line distance scale (which is the level generally applied for the movement of this commodity between points involving single-line hauls in North Pacific Coast territory), but does not regard it as unqualifiedly removing the discriminatory possibilities. It requests that the findings herein dispel this alleged discrimination by conditioning approval on the full participation of the SP&S system in New Company's rates, routes and tariffs as if that system were completely merged into New Company.

As previously indicated, Oregon believes that the unification should be approved only as modified by its proposal, imposition of all of Milwaukee's conditions, and adoption of the stipulations between applicants, on the one hand, and Southern Pacific, Union Pacific, Western

Pacific and Santa Fe on the other. Its proposal would withhold the SP&S from the lease proposal for operation as a separate entity, although ownership would be retained by New Company, and the SP&S would be maintained with key personnel at Portland funnelling traffic to New Company.

Under those conditions, Milwaukee and New Company would be required to seriously undertake negotiations by which New Company would acquire Oregon Electric and Oregon Trunk stock from SP&S, and the latter's bonds, now held by the Northern Lines, would be redeemed. That, Oregon contends, would clear up the financial structure of the three companies involved and would be essential to further steps on the proposal. At this point, under the proposal, Milwaukee should acquire control of SP&S from New Company, subject to the approval of the respective shareholders and this Commission. The SP&S would be maintained as a separate corporate entity. Thus, via SP&S, Milwaukee gains access to Portland. To avoid the disintegration of New Company's lines in the region, the proposal calls for the grant of trackage rights from SP&S to New Company between Spokane and Portland. New Company would be allowed to carry on the major portions of planned re-routing of traffic south of Tacoma as well as permitting New Company access to Portland. To provide Milwaukee with deeper access into the state, Oregon's proposal concludes with the grant of trackage rights to that carrier over the Oregon Electric from Portland to Eugene and other Willamette Valley points (including rights over Southern Pacific as presently enjoyed by Oregon Electric) as well as over New Company's line from Longview to Portland.

Oregon maintains that its proposal would broaden extensively the markets available to Oregon shippers and to provide transit and diversion privileges on Milwaukee and New Company points which would bring open and unrestricted traffic avenues vital to the maintenance of sound trade. Oregon does not advocate the accomplishment of its proposal as a condition to approval of the merger. Rather, the condition which it seeks to have

imposed is that its proposal be undertaken seriously and that the SP&S system be divorced entirely from the unification proceedings for a period of at least 10 years.

The financial aspects of its proposal were roughly outlined by Oregon as follows: SP&S, in return for the redemption of its bonds held by the Northern Lines, would dispose of the Oregon Electric and Oregon Trunk to New Company. SP&S carries these bonds on its books at a value of $54,710,000. Deducted from this amount is $29,608,414 being the book value of Oregon Electric and Oregon Trunk stock and $821,272 in total advances. Thus, in acquiring control of SP&S, Milwaukee would owe on the bonds $24,280,314. Fixed charges on these bonds is estimated at $971,213 annually (at a rate of four percent per annum) and assuming the book value of SP&S stock ($70,334,014) to be acquired by Milwaukee, financed for a period of not less than 50 years, the fixed charges on this transaction would be about $3,516,700 at five percent per annum. Thus, the annual fixed charges that would be incurred by Milwaukee would approximate $4,487,913 annually. The estimated $25 million due New Company on the SP&S bonds, intervener asserts, could either be assumed or refinanced.

Based on Oregon's studies of traffic and revenues carried by these lines, it estimated that 45 percent would accrue to Milwaukee and 55 percent to New Company. In revenues, those studies indicate that about $30,506,000 would shift to Milwaukee. This results in $7,750,000 net revenues before taxes and fixed charges from which Milwaukee could meet the approximate $4,500,000 in fixed charges which it would incur as a result of the proposal. New Company would suffer a loss of about $9,300,000 from its over-all unification benefits, leaving it with about $35,600,000 under the Oregon computations.

Oregon maintains its proposal would create two competitive direct line service routes to Twin Cities and Chicago for shippers in western Oregon and Southern Washington on the SP&S system as opposed to applicants' proposal of only one such line, which would also bring these shippers a better car supply, especially on the present Oregon Electric and Oregon Trunk, since the Milwaukee

has experienced less severe car shortages than the Northern Lines and should be able to accommodate the shippers on the line in Oregon and Washington.

The record indicates three reasons why under the applications the SP&S system is to be leased to New Company rather than merged at this time: (1) To maintain the availability of the $54 million of SP&S bonds as a financing medium by New Company if desired; (2) to avoid a readjustment of freight divisions which would otherwise be required if a change was made in the formal ownership of Oregon Electric and Oregon Trunk; and (3) to avoid the possibility of an approximate $9 million tax claim on the theory that liquidation incident to merger may be treated as a sale so that a taxable profit might be held to arise because the SP&S bonds had been acquired by the Northern Lines at a discount. That uncertainty makes it desirable to defer the impact of such a tax in an effort to work out a fair and acceptable plan to the Commissioner of Internal Revenue and which would be more consistent with the realities of the transaction. However, under the lease arrangement as proposed by applicants, the properties of the SP&S system would be operated as a part of New Company. Indeed, the operating plan proposed in the Wyer Report and adopted by applicants shows SP&S is an integral and necessary part of the new system and represents an investment by the Northern Lines of $175 million. Its water level route avoids crossing the Cascade Summit and will be used as the principal route for all through traffic to or from points south of Tacoma. A new bridge is to be built from the Northern Pacific main line, west of Spokane, to connect with the SP&S line for expedited service to Vancouver. Another connection would be constructed between these two carriers south of Spokane so that all of the trains can enter and leave Spokane via the superior SP&S trackage with the Northern Pacific line at Marshall being abandoned. Another connection is to be built between Northern Pacific and Oregon Electric near Vancouver to permit Oregon Electric trains direct access to that city rather than moving them to Portland and then transferred to Vancouver for placement in line-haul

trains. Under unification, and during the lease term, shippers on the SP&S system will receive the benefits of the merger such as faster service, increased transit and diversion privileges and increased car supply. To threaten the eventual unification of the SP&S system into New Company is to invite chaos. Assuming applicants would consider the sale of SP&S, the period of negotiation would be extensive, and the price probably much higher than stated book values as contemplated by Oregon. Meanwhile, New Company would have no incentive to maintain SP&S at the standard planned under unification; it would seek to have industries locate on its own lines rather than SP&S; and it could not justify the SP&S's annual $700,000 passenger train deficit, and it would seek discontinuance of these operations.

The record shows that the public interest would benefit by Milwaukee gaining access to and serving Portland under Milwaukee's proposed condition 2. Anything further, such as the Oregon proposal, requires a more substantial and definite basis, and this record affords none. The corporate emasculation called for by Oregon does not, to any measurable extent, bolster the shipper's position over that offered by the unification as conditioned herein. In fact, without the SP&S, the disruption of the unification by adoption of the Oregon proposal cannot be foretold except that it may well doom the unification to the detriment of the public. Further, the proposal requires participation of applicants, Milwaukee and Southern Pacific, none of whom has agreed to negotiate and only the Milwaukee has evidenced an interest if this Commission finds that the proposal might be in the public interest. But it cannot be said that the public interest will be served by cutting into the applicants' system to provide service by another carrier which may not as well perform this service as compared to the benefits which are under consideration herein.

Intervener Agriculture has a dual interest in these proceedings. Primarily, its Secretary is interested as governmental representative or spokesman for the agricultural community in the areas here involved and in the nation in general. Secondarily, under the directions of

its Secretary, in connection with various promotional programs and activities for which it has statutory responsibilities, including the programs and activities of the Commodity Credit Corporation, it is a shipper, directly or indirectly, of a very substantial volume of agricultural products and farm supplies with which, inter alia, these proceedings are concerned and because of its financial interest in said corporation, it seeks equitable and reasonable rates and services and adequate facilities for the transportation of such commodities.

The nation's annual harvest of agricultural commodities must reach the various markets without undue delay and at reasonable rates. Intervener has for many years supported measures to increase services and transportation flexibility for marketing products of the farm. The area served by applicants is, to a large extent, devoted to the production of agricultural products as thus defined by intervener Agriculture.

Intervener indicates it is not opposed to mergers per se, but that in the interest of producers, shippers and receivers of agricultural commodities and materials for production and for the expeditious movement of agricultural traffic, it requests that serious consideration be given to the necessity in the public interest of maintaining competition between the railroads seeking merger herein and competing railroads in the area involved. While at the outset of these proceedings, it asserted no position for or against unification, during the hearings it finalized its position as outright opposition to the proposals. However, it contends that if the Commission should determine that the unification be approved, requirements should be imposed with respect to freight traffic (1) that all existing gateways among the railroads seeking merger herein and competing railroads be maintained under through routes and joint rates; (2) that additional gateways, through routes and joint rates be established between the railroads seeking merger herein and competing railroads so as to accord producers, shippers, and receivers adequate access to all markets and to all sources of supplies; and (3) that no lesser quality of service than at present be furnished over any of the ex-

isting main or branch lines of the railroads included in the merger without approval of the Commission after opportunity for the presentation of possible objections by interested persons.

Intervener has traditionally been in favor of wide open routing and has taken that position in a number of proceedings. Its proposed conditions (2) and (3) are viewed as dealing with the same quality of service as is now furnished.

Its evidence shows that the area served by applicant railroads is, to a large extent, devoted to the production of agricultural commodities, and that due to substantial increases in production, commodities must have ready access to consuming and processing centers with the greatest degree of transportation fluidity and flexibility and the lowest possible scale of compensatory rates. Further, it shows the percentage the gross freight revenue from agricultural products is of the total gross freight revenue of applicant railroads and three of its competitors. Agriculture, including animals and products, and forest products, produces about one-third of Great Northern revenue, about one-half of that of Northern Pacific, nearly two-thirds in the case of SP&S, better than one-third of Burlington, and about 30 percent for C&S, the subsidiary of Burlington. Of the competing railroads, agriculture accounts for about 40 percent of Milwaukee's revenue, 35 percent of C&NW revenue, and almost one-half of that of Soo. For the United States as a whole, excluding the named railroads, agriculture contributes about 22 percent of gross freight revenue.

As this record shows, many engaged in agricultural pursuits indicated their support for the proposals either on their own behalf or for their companies, and it is thus clear the agricultural community recognizes that the proposed unification will be a major advance, that because of "substantial increases in production, commodities must have ready access to consuming and processing centers with the greatest degree of transportation fluidity with the lowest possible scale of compensatory rates," and that in that perspective applicants' proposal will better

serve the agricultural community. Intervener's position in favor of continuation of the status quo would deny to the agricultural interests of the Northwest the progress and betterments of transportation which those interests want and need and which unification would provide.

With respect to its three requested conditions, the first, maintenance of existing gateways, is one of the standard routing conditions, and further discussion of that subject is not warranted. The second, regarding open gateways to the extent sought by Milwaukee and C&NW reiterates a policy advocated unsuccessfully by intervener in the *Spokane Gateway case, supra*, and would negate the benefits of the long-haul provisions of the Act, as previously discussed in connection with Milwaukee's condition 1. The third, "that no lesser service than at present be furnished over any of the former main lines of the merged railroads" is too vague to warrant further consideration.

Jointly, the *interveners City of Auburn, City of Sumner* and the *Auburn Chamber of Commerce* oppose the proposed unification expressing sympathy with Milwaukee's position and proposed condition, but insist that no conditions which the Commission might impose would alter their opposition. Auburn (population 11,000 1960 est.), is situated in the heart of a growing industrial complex reaching south from Seattle and north from Tacoma, and is the termination and origination point of certain eastbound and westbound trains of the Northern Pacific.

The Northern Pacific yards at Auburn have capacity to handle approximately 2,400 cars and in event of unification west coast business originating or terminating at Tacoma and points north, including Seattle, would be routed on what is now Great Northern trackage via Everett, bypassing Auburn as termination or origination point, and thus Auburn shops and yards would be abandoned and the work operations transferred to Seattle. Thereafter, Northern Pacific trackage between Auburn and Yakima would become a secondary main line through freight route.

Those proposed plans, if accomplished, would result in a reduction of 260 jobs out of a total of 500 employed by Northern Pacific in Auburn, with a corresponding payroll loss of $1,906,492, and the remainder of employees transferred elsewhere. On the basis of what is considered a normal three times turnover or circulation of wage dollars in a community, Auburn anticipates a minimum annual loss in wages approximating $3,235,000 and approximately $6,825,000 annually would be lost of Auburn retailers. Overall loss to Auburn by lost wages, lost revenues to the school district, lost revenues otherwise derived from taxation of railroad facilities and lost property values caused by mass exodus of workers interveners argue is incalculble, and they contend would cause a major blow to the economy of Auburn and its environs.

It further argued that the abandonments of trackage in Washington as contained in the study II of the Wyer Report and probable future abandonments of trackage in Washington made necessary by the unprofitable contemplated usage of trackage in the state would have a deleterious effect on the City of Auburn, the State of Washington and the nation as a whole. Since the abandonments contemplated by study II of the Wyer Report are not within the framework of the subject applications, the arguments advanced in respect thereof are without merit. Argument dealing with probable future abandonment of trackage in Washington which may be necessary by future unprofitable contemplated usage of trackage is too remote to these proceedings. There is no evidence supporting any abandonment based on the proposition of unprofitable contemplated usage of any trackage, and the contention is untenable.

Intervener City of Breckenridge, Minn., located on the Great Northern and Northern Pacific, opposes unification, principally on anticipated reduction of service, reduction in employment, and a fear that it would result in a hindrance to its growth. The evidence of its two witnesses, one representing the chamber of commerce and the other a grain elevator, indicated that because past actions of Northern Pacific involving reduction of personnel at Breckenridge was accomplished without notice,

the community was adversely affected. The reduction of personnel by Northern Pacific on a prior occasion has no relationship to these proceedings. The grain elevator operator is concerned with competitive rail service. The record indicates its witnesses' lack of familiarity with subject proposals and the present and proposed service.

Intervener Ed Benedict, of Portland, Oreg., a nurseryman and a member of the Oregon State Legislature opposes unification principally on the basis of the effect anticipated adverse economic impact, job abolishment, reduction of purchasing power and taxes would have economically on the State and its industries. However, his evidence, and that of his supporting witnesses, pertained to the effect unification would have on a bowling business which catered to some SP&S employees, the effect which loss of jobs would have in connection with an SP&S employees' medical association, and the desires of the Oregon State Grange in support of Milwaukee's requested condition dealing with access to Portland, was not impressive and involved for the most part vague and unsupported generalities.

Intervener Clark County Anti-Merger Association, a non-corporate, non-profit association of individuals, residents in and about Clark County, Washington, oppose the transactions expressing concern with the economic impact of the proposed unification on and the economic stability of Washington, particularly Vancouver and its surrounding area. While it likewise evidenced some concern with maintenance and improvement of rail service and facilities, contending unification would have an adverse affect on the area, impede development therein, and result in reduction of the amount, quality and type of rail service, its evidence through its supporting witnesses (2) as well as that to which a stipulation was honored covering others (18) representing some municipal government officials and a variety of businessmen in the area, was directed wholly to anticipated job abolishments, resulting payroll loss, and other related economic effects which would accrue to the subject area as a result of the proposed unification.

Intervener City of Duluth, Minn., opposes unification (principally the Northern Lines merger) seeing no gain therefrom and it fears unification would result in possible future abandonments, particularly the Hinckley-Duluth segment, an increase in rates, and an adverse economic effect on the city, by virtue of loss of taxes through reduced earnings of the applicant companies in Minnesota, curtailment of switching services and loss of employment. Its city council expressed its position through resolution opposing the unification. The subject of abandonment of the Hinckley-Duluth segment is not properly before the Commission in those proceedings and such arguments are without merit.

Intervener Duluth Volunteer Committee Opposing Merger a non-corporate, non-profit association of individuals residing in and about Duluth. Its evidence comprised introduction of resolution of the Minnesota State Legislature opposing merger and the testimony of a representative of a labor organization two State government representatives, and a representative of a creamery association (400 members) which ships 1½ million pounds of its products outbound annually of which 57 carloads move by rail, the balance by truck. Its evidence, although it dealt only in generalities, shows concern over what it considers an anticipated down grading of service to the area, the loss of gross earnings tax in Minnesota, the effect reduced employment would have upon the area, and the general condition of Minnesota as result of foreign ore competition.

Intervener City of Jamestown, N. Dak., opposes unification contending approval thereof would be detrimental to the general welfare of the people of the area, would not preserve competition, that applicants' economies could be obtained through cooperation rather than consolidation, and that approval of unification would adversely affect the economy of the area in that large numbers of employees would be required to move elsewhere. Its evidence comprised that of testimony of a college professor of economics, an automobile dealer, a realtor, and a represnetative of the chamber of commerce, and is confined to general expressions of fear of job loss, shrinking agricultural producer market, inability to at-

tract new industry, depreciation of real estate values, potential reduction of tax values and revenues, disruption of normal growth patterns of the city and loss of sales and resulting income to local merchants estimated at $12,656 per job lost. It offered no evidence of its transportation needs or of the adequacy of the service available or proposed.

Intervener Livingston Anti-Merger Committee, a non-corporate non-profit association of individuals located in and about Livingston (population 7,683), Helena, and Glendive, Mont., organized in December 1960, opposes the unification and in particular the Northern Lines merger on numerous grounds, contending that (1) the Commission lacks jurisdiction to entertain application for or to approve and authorize the proposed transactions, particularly merger involving Northern Pacific for the reason that Congress has refused to enact legislation necessary to enable applicant Northern Pacific to succeed to Northern Pacific Railroad Company's charter, franchise, right-of-way and other statutory assets, (2) the Act does not supersede the terms and limitations on the Federal charter of the predecessor of Northern Pacific which prohibits the proposed consolidation and prohibits the proposed mortgage without the consent of Congress, (3) the Northern Lines merger should be denied because the studies and plan upon which the application is based are erroneous and contain false assumptions to the degree that it is impossible to properly evaluate the effect of merger, (4) faster freight service would be available only to eastern and western termini of the present Northern Pacific system and that nearly all intermediate points would get slower and poorer service, and (5) there is no true economic justification for the proposed transaction.

Its evidence through ten witnesses deals primarily with job loss and fear of economic impact. It includes that of two of its officers, one a conductor, the other a fireman, both employed by Northern Pacific, concerned with potential influence of an interlocking directorate of Northern Pacific, the impact of Livingston's economy with its 800 railroad employees receiving a bi-weekly payroll of $180,000, and that selection of Great Nor-

thern route for movement of transcontinental traffic would reduce service on the Nortern Pacific line. Intervener disagrees with applicants' evidence on faster service and improved car supply, and aspects of the Wyer Report dealing with savings in diesel repair costs. Other evidence includes that of a proprietor of a Livingston pharmacy (also an officer of the chamber of commerce) concerned with Livingston's historically poor employment relations with Northern Pacific; a state representative of Park County (population 13,168), Mont., (also, a conductor-brakeman on Northern Pacific) concerned with Park County's unemployment rate, fear of job loss and effect of merger on tax structure (county property valuation $38,285,998 with Northern Pacific property valued at $5,244,308 for tax purposes), in that Northern Pacific is Livingston's principal industrial payroll; a Livingston realtor who fears reduction in employment at Livingston would result in prospects of high volume of residential properties for sale with few prospective purchasers; a floor covering proprietor, who sometimes uses Northern Pacific service, fears elimination of competition in rail service would result in settling any claims he might have against the railroad; a livestock operator, who occasionally uses Northern Pacific services fears merger would result in lack of rail competition and create a monopoly; a Livingston hardware store proprietor, who fears merger would result in monopoly and that prospects of increased unemployment would adversely affect his business; the Mayor of Livingston evidencing formal action by its city council in opposition to merger; and an attorney who made a study of the Northern Pacific at the request of a relative who is an officer of a committee of dissenting stockholders of the predecessor of Northern Pacific.

Its contention in (3) above deals with study X-L of the Wyer Report. Its argument that the study portrays savings in diesel repair costs not transposed into employee reduction figures at specific diesel maintenance points, and that the result is an inaccurate employee reduction figure, is not valid, and is discussed elsewhere herein dealing with analysis of the various studies of

the Wyer Report. The subject matter, which is not limited to study X-L, runs across the various studies II, VI, VII, X and XVIII of the Wyer Report. The record reflects for Livingston, for which that intervener is concerned, a net of 46.6 jobs abolished and a net reduction in compensation of $497,753.

Its contention that the projected attrition rate is not applicable to future years because no consideration was given to the age group factor, is such that the significance of the argument baffles analysis. The record shows that the consultants took the actual attrition rate as it existed for three years and projected that into the future. No other data or method is suggested as appropriate for analysis of that phase of the subject.

Its contention that the per diem cost savings and faster freight service predicated by applicants cannot be achieved by shifting the traffic from the Northern Pacific line to the Great Northern line between Casselton and Sandpoint, is without consideration of the pertinent evidence. That evidence clearly demonstrates that the greatest savings in time result from speed up of terminal operations and that without unification it could not be accomplished. Livingston's contention in (4) above that faster freight service would be available only at eastern and western termini and not to intermediate points ignores extensive evidence of record dealing in detail with service at intermediate points and previously discussed elsewhere herein.

Its contention in (5) above that there is no true economic justification for the proposed unification is predicated on the fact that Northern Pacific has been richly endowed through land grant and its non-operating revenues provide it with economic stability and that it is a financially healthy railroad. Suffice it to say, the financial condition of a carrier and its economic stability are pertinent matters for consideration by the Commission in proceedings of this nature. The economics of the proposal have been thoroughly explored and the substance discussed. The savings which would accrue to the New Company and the benefits of improved service are extensive and substantial. Its arguments are without merit.

Further, its challenge to the Commission's jurisdiction in (1) above, to authorize transfer of the Northern Pacific right-of-way and franchise to New Company, and to authorize mortgage of the Northern Pacific road by New Company in (2) above, to secure a bond issue whose proceeds are to be used for purposes other than the construction and equipment of that road, is that the prohibition against mortgaging without the consent of Congress is limited to a mortgage on the road and is not applicable to mortgaging of the public lands granted in aid of construction, citing Joint Resolution of May 31, 1870, (16 Stats. 370) in support of the proposition that the consent therein was limited to mortgage to secure bonds issued to aid construction and that such authority was exhausted prior to 1896. It argues further that Congress (a) refused to pass necessary legislation enabling Northern Pacific to succeed to the Federal corporation's road and franchise, (b) refused to recognize the legality of the consent decree [39] and reserved that question for determination as a contested matter, citing Act of July 1, 1898 (30 Stats. 546, 620, 621),[40] (c) refused to dissolve the Federal corporation (d) treated the Northern Pacific Railroad Company as having the title interest under the Act of 1864, citing Mt. Ranier National Park

[39] Entered in *Farmer's Loan & Trust Co., et al.* v. *Northern Pacific Railroad Co. et al.* (no citation), and pertinent portions of the text set forth in Hearings of the Joint Congressional Committee for the Investigation of the Northern Pacific Land Grants, pursuant to Public Resolution No. 24, 68th Congress, approved June 5, 1924.

[40] Which provides, in part:

". . . that nothing herein contained shall be construed as intended or having the effect to recognize the Northern Pacific Railway Company as the lawful successor of the Northern Pacific Railroad Company in the ownership of the lands granted by the United States to the Northern Pacific Railroad Company under and by virtue of foreclosure proceedings against said Northern Pacific Railroad Company in the Court of the United States, but the legal question whether the Northern Pacific Railway Company is such lawful successor of the Northern Pacific Railroad Company, should the question be raised, shall be determined wholly without reference to the provisions of this Act.

Act of March 2, 1899 (30 Stats. 933), wherein only mention is made of Northern Pacific Railroad Company, no mention being made of Northern Pacific, (e) recognized the "present title" of the Northern Pacific Railroad Company in the right-of-way and Northern Pacific's use thereof "in good faith" for "the operation of said road," citing Act of June 25, 1929, sec. 4,[41] (46 Stats. 41), and (f) continued the rights reserved to the United States under the Act of July 2, 1864, and reserved to the United States the right at any time to enact further legislation relating thereto, citing Act of June 25, 1929, sec. 3.[42] Allegation of lack of power to authorize transfer of the Northern Pacific right-of-way is predicated on the claim that Northern Pacific does not own those properties because its purchase thereof at foreclosure sales under decrees of the court in 1896 was not authorized by Congress. Allegation of lack of power to authorize New Company's proposed mortgage is predicated upon the contention that no mortgage of the Northern Pacific's road can be made except as authorized by the Joint Resolution of May 31, 1870 (16 Stats. 378), au-

---

[41] Which provides:

"The provisions of this Act shall not be construed as affecting the present title of the Northern Pacific Railroad Company or its successors, the Northern Pacific Railway Company, or any subsidiary of either or both, in the right of way of said road or lands actually used in good faith by the Northern Pacific Railway Company in the operation of said road."

[42] Which provides:

"The rights reserved to the United States in the Act of July 2, 1864, to add to, alter, amend, or repeal said Act, and in the resolution of May 31, 1870, to alter or amend said resolution, are not to be considered as fully exercised, waived, or destroyed by this Act or the exercise of the authority conferred hereby; and the passage of this Act shall not be construed as in anywise evidencing the purpose of intention of Congress to depart from the policy of the United States expressed in the resolution of May 31, 1870, relative to the disposition of granted lands by said grantee, and the right is hereby reserved to the United States to, at any time, enact further legislation relating thereto."

thorizing the Northern Pacific Railroad Company to issue bonds for the construction of its road and to secure the same by mortgage, which authority was long ago exhausted, and also upon the contention that the new Delaware corporation cannot be lawfully authorized by the Commission to mortgage a road and franchise which Northern Pacific has no lawful right to transfer since they are the statutorily inalienable property of the Federal corporation.

Livingston's challenges to the Commission's jurisdiction should be dismissed as lacking in merit. The Act contemplates that authority granted by the Commission under section 5(2)(a) thereof to authorize "two or more carriers to consolidate or merge their properties or franchises, or any part thereof, into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership" does not contemplate litigation before the Commission of title to the properties or franchises claimed by and in the possession of the applicant carriers. Moreover, the execution of the mortgage of its railroad properties by a carrier does not constitute an issue of securities within the purview of section 20(a) of the Act, and accordingly does not require any determination by the Commission of the carrier's corporate power to execute the mortgage. Compare *Bond of Panhandle & S. F. Ry. Co.*, 150 I.C.C. 155; *Bond of Gulf, B. & K. C. Ry. Co.*, 150 I.C.C. 677; *Chicago & N. W. Ry Co. Purchase Minneapolis & St. L. Ry. Co.*, 312 I.C.C. 285.

The grant of authority to the Federal corporation contained in the Joint Resolution of May 31, 1870, to mortgage its property and rights to property of all kinds included authority to transfer to any purchaser thereof, upon forclosure of the mortgage, absolute title to the properties, unencumbered by any restriction on the power of the purchaser to sell or mortgage those properties. Since a corporation obtains its powers from the same source as does its existence, the powers of any corporate purchaser of those properties to sell or mortgage them would, necessarily, depend upon the laws of the state of its incorporation and not on anything contained in the charter of the Federal corporation.

Northern Pacific has all necessary powers under its Wisconsin charter and the laws of the State of Wisconsin to mortgage its railroad and properties to secure its bonds issued for any proper corporate purpose, without requiring the consent of Congress. It placed two mortgages on its property without such consent in 1896, when it acquired those properties, and in 1914 it executed its refunding and improvement mortgage thereon and issued and sold bonds thereunder, and again in 1921 issued and sold additional bonds under that mortgage, with the approval and authorization of this Commission, not to aid in the construction and equipment of its road but to refund its share of joint Great Northern-Northern Pacific bonds issued to purchase stock control of Burlington. Its power to make those mortgages has not before been questioned.

Northern Pacific contends that it has at all times recognized that upon itself rests all obligations imposed on the original company by the Act of July 2, 1864, which were designed to secure to the government at all times (but particularly in time of war) the use and benefit of the railroad for postal, military, and other purposes. This has not been disputed.

Livingston's arguments in respect of Northern Pacific's ownership of the railroad and properties which it proposes to merge into New Company or of its freedom from the mortgage restrictions to which its predecessor, Northern Pacific Railroad Company, was subject under the Act of July 2, 1864, and the Joint Resolution of May 31, 1870, are without merit.

Intervener City of Mandan, N. Dak., located on main line of Northern Pacific, opposes the proposed unification, and in particular the Northern Lines merger, on the grounds that, if approved, it would have a detrimental affect on the economy of the city (population 10,300) and its trade area, forestall its growth upon which it depends for economic stability, impede the city's opportunities to attract new industries and businesses, detrimentally affect the tax structure of the city, and be contrary to the best interests of shippers. Its evidence through six witnesses, included that of the Gov-

ernor of North Dakota who expressed his opposition for those reasons as well as because of expected elimination of competition between Great Northern and Northern Pacific, particularly by virtue of long haul operations proposed which would diminish competition with trucks, because schools and other services of political subdivisions now established could suffer a loss in planned tax revenues, causing a burden on the people remaining, and because of possibility of relegation of the present main line service of Northern Pacific to that of a secondary route would have an adverse affect through loss of services to those communities located thereon. Other evidence included that of (1) a representative of the Board of City Commissions of Mandan, who fears loss of employment would upset delicate tax planning base and create depressed property values, (2) a furniture dealer who fears downgrading of service and loss of business to competitors at Minot as 25 percent of his customers are railroad employees, (3) a printer who fears unification would adversely affect Mandan in that it is dependent upon the annual $2 million payroll of the employees, (4) a dentist who expressed similar fears although he indicated there was an increase of Mandan's population since 1950 by 30 percent, and (5) a creamery and produce company primarily concerned with rates and service (secondarily) on shipments (10,500,000 pounds annually of which 50 percent, or 80 carloads, moves to west coast destinations via Northern Pacific) to California points, which fears local service proposed would downgrade through service in that there would be insufficient tonnage to make through trains.

Its evidence, ignoring the beneficial aspects of unification, is directed primarily to anticipation of fear of job loss and accompanying effects. In spelling out the expressed fears of adverse effect, no clear evidence of transportation requirements is presented, nor is any evidence adduced which would show that the proposed unification would have any material adverse affect on existing transportation requirements or service in the area. The question of job loss with attendant affects is discussed elsewhere.

Intervener City of Minneapolis, Minn., evidenced its opposition through its four witnesses; the mayor and three aldermen. Its position is based on a resolution of the city council predicated on two grounds: (1) That it would impose severe hardships on employees and their families, and (2) that it would depress the economy of the city and its metropolitan region, whose economy is closely tied to the railroads, cause side effect to railroad suppliers and elimination of competition where both Great Northern and Northern Pacific now compete. It contends that a change of the competitive picture affecting Milwaukee and C&NW would cause further aggragation of job loss and the risk of developing a monopoly situation that would result in poor service. On brief, it adopts the argument of Minnesota, dealing with (1) projected and proposed abandonments of lines in Minnesota, (2) breaking of Minnesota intrastate rates and increased freight charges, (3) retention of all lines and ore docks in Minnesota as being important to national defense and the public interest, (4) adverse effects of merger upon the Twin City gateway and the State of Minnesota, (5) Minnesota gross earnings tax, (6) bad order car situation, and (7) feasibility of upgrading of Northtown yard without merger, which will be discussed in connection with that intervener. It points out that of the 22 States and three Canadian provinces through which the system would extend, Minnesota would suffer the greatest loss in 2,124 jobs with a payroll of $14,512,891 or 45 percent of total payroll loss, and Twin Cities' loss would exceed $9 million with Minneapolis suffering to extent of $2,604,784 with loss of 430 jobs, that such loss would cost the city an additional loss of $2,435,000 in goods and services and $225,000 in local, State, and Federal taxes, that loss of an additional 320 non-railroad jobs would result, costing $1,814,000 in goods and services. Further, that even with attrition, which would affect 80 percent of worker reduction, the city would suffer because job opportunities disappear, that with the city's population declining (census figures show a decline in Minneapolis' population and a corresponding increase in the five surround-

ing counties, indicating a mass move to the suburbs) there results a tightening of tax base, and that summarily, there is no justification for merger as applicants are financially sound.

Intervener takes issue with representations that adverse payroll effects of unification in Minnesota, and more specifically in Minneapolis, would be offset by employment of 750 men and an expenditure of $14,429,000 in Minneapolis on an electronics classification yard at Northtown, in that the sum involved is inclusive of labor costs, that such employment would last only 24 months and that over half the labor costs would be accounted for by existing labor forces of the roads involved, and that total materials cost for such project accounted for $9,057,900 of the total estimated.

While unification would cause some change, the record shows that impact on employees financially would be minimal, and occur over a five-year period, all of which is protected under appropriate conditions herein. The change of circumstances affecting Milwaukee and C&NW as a result of conditions proposed would be improved. Intervener's arguments on service are baseless. On the subject of abandonment of lines in Minnesota, previous discussion dealing therewith shows that such abandonments and the breaking of the Minnesota intrastate rates and increased freight charges, predicated on such abandonment are not before the Commission in these proceedings. The subject of effect on the Twin Cities gateway is disposed of in discussions on Milwaukee and C&NW. Much emphasis is on job opportunities and job loss. That subject too is discussed in connection with internerer RLEA.

The Minnesota Railroad and Warehouse Commission (Minnesota) opposes the proposed unification regardless of any condition which may be imposed upon a grant of the authority sought. *The State of Minnesota* intervened on the last day of hearing and joined with its Railroad and Warehouse Commission by adopting its position and evidence. Counsel for interveners Minnesota participated throughout the hearings extensively examining witnesses for applicants and other interveners

in support or those requesting specific conditions. Through interveners Minnesota, the resolutions of the cities of Breckenridge, East Grand Forks, St. Cloud, and the county of St. Louis opposing unification were introduced.

Minnesota's opposition is two-pronged: First, it alleges the economic and operational effects which will come to bear on the State of Minnesota would be adverse as a result of the proposed unification, arguing that applicants have failed to, and indeed could not, show that unification will be consistent with the public interest; and, second, that various aspects of the transaction are without legal validity or not under the aegis of this Commission. Considering the first argument, its evidence points to alleged economic impact on the state caused by discharge or transfer of employees resulting from the unification. Its primary exhibit shows that throughout the state 3,166.3 jobs would be abolished; 1,041.4 jobs would be added, resulting in a net change of 2,124.9 jobs abolished with a net payroll reduction of $14,512,891. The alleged adverse effect of that anticipated loss on the counties, cities, villages and school districts was considered by them to include reduced taxes as a result of the payroll reduction as seriously affecting the continuation of the various governmental operations. On that basis, intereveners cite section 5 (2) (c) (4) of the Act requiring the Commission to consider the interests of carrier employees affected as a facet of the public interest and distinguishes that section from section 5(2) (f) (protection of railway employees) which is effectuated only in an approval order. The consideration of these interests, intereveners argue, must be weighed against the efficiencies and economies resulting from the transaction and that while the adverse effect on employees is known, the efficiencies and economies are at best dubious and can be known only in the future, if at all.

Consideration of the employee situation and overall effect of the unification is discussed elsewhere herein. Suffice it to say, that consideration does not weigh so heavily as to require denial. While Minnesota alludes

to the normal yearly decrease in railway employment, in addition to the decrease occasioned by unification, it ignores New Company's potential to stem the normal decrease. That, too, must be considered under section 5(2)(c)(4).

As the railroads are concerned, Minnesota imposes a gross earnings tax which relates gross earnings to mileage within the state, and the amount of taxes payable is determined to be that percentage of gross earnings earned in Minnesota which the mileage within Minnesota bears to the total mileage of the carrier on any particular route. It alleges that with the construction of the new Northtown yard, New Company's ability to capture traffic from Milwaukee, Rock Island, and Chicago Great Western will be enhanced. Minnesota, at great length on brief, attempts to show the scope of that diversion and concludes that Minnesota as a result of the diversion will lose $193,484 annually in taxes. Minnesota admits that the tax loss is only a possibility and is based on the excess of gross earnings tax payable by the three carriers mentioned as compared to Burlington.

Minnesota also alleges that New Company's gross earnings in Minnesota will be reduced, with a resultant tax loss, if (1) other gateways (Laurel and Sioux City) are used rather than Twin Cities, and (2) the Northern Pacific intrastate line between Hinckley and Duluth is abandoned following unification; but no conclusion is drawn by Minnesota on either of those points. In any case, Minnesota has not shown, with any degree of certainty, the severity of tax loss, if any based on gross earnings. Along that same line, Minnesota alleges that as a result of diversion of traffic and faster routings, Twin Cities and Duluth-Superior would suffer since the carriers serving those cities from which the traffic allegedly would be diverted could ill afford the losses, leading to reduction of service and possible abandonment, all to the detriment of those cities. Minnesota's argument is that New Company would gain such operational dominance as to crush all rail competition. The fallacy of that position is that it fails to consider the conditions requested and their effect if imposed herein.

Minnesota's statement that the shipping public would lose (?) because of the diversion and alleged diminution of competition loses its force in the face of the protection afforded by the conditions. Minnesota's allegations are based on an approval of the transaction without more. Such is not the case, for the Commission's responsibility in disposing of the matter in the aggregate may well make on imposition of conditions which it may consider necessary in the public interest, should the transaction in other respects meet the statutory requirements.

Minnesota also opposes unification on the grounds that coordination of the respective facilities through recreation of the community of interest among the applicants as it existed at the time of the *Acquisition case, supra*, can accomplish all that is expected of the merger without a reduction in the plant; and that the merger is not the method to correct the retention of applicants' cars on foreign lines which have a greater percentage of bad-order cars than do the applicants, adding to the car shortage.

The duty of the Commission is to act on the facts and circumstances presented by any given application and those must be judged against the standard of public interest. If found consistent therewith, the transaction may be approved. While Minnesota alludes to 1927 when the applicants enjoyed a wide community of interests, the deterioration of those interests may well be laid at the door of the ever-increasing intermodal competition and loss of rail traffic, as described elsewhere herein, causing each railroad to jealously guard its own.

Counsel for Minnesota, as well as counsel for Washington and Justice, among others, throughout the hearings exhaustively cross-examined applicants' shipper and community witnesses testing their knowledge concerning the expected benefits from unification. Much is devoted on brief by Minnesota and Justice to indicate that many of the witnesses "hoped" or "felt" that the benefits would be forthcoming, but could not show with utter clarity that merger was the panacea for their problems. Minnesota concludes that applicants were successful in selling to

the shippers the idea that unification would be beneficial. Minnesota alleges that applicants failed to detail to their witnesses the future program for car distribution including specialized equipment; or that applicants did not commit themselves to purchase additional equipment from the savings generated by the unification; or that westbound schedules from Twin Cities to Laurel would be reduced; or that traffic through Laurel would be reduced in favor of the route via Twin Cities; or that the grain rate from Minot and west to Duluth may not be protected; or that circuitous routings, out of line haul, branch line service, schedules, costs of service, etc., may limit the beneficial effects of single line service after unification.

Based on that, Minnesota has labelled applicants' exhibit 203 "Consolidation—Key to Transportation Progress" as a "Myth" and that the testimony of the shippers is merely an iteration of applicants' position as explained by them to the witnesses. However, it must be noted that included among the witnesses favoring unification were numerous informed representatives of substantial shippers, well versed in traffic and transportation matters, and their expertise was not dispelled. Furthermore, all of the shipper witnesses, throughout the territory involved, testified as to the transportation problems which they faced. The ultimate test of the public interest is to determine the overall effect of unification on these problems. As noted above, the hearing examiner is convinced that the shipping public will benefit through the proposed unification, as conditioned herein.

Concerning the second phase of Minnesota's position, it is argued that the application for authority sought by Burlington to issue $70 million in bonds is defective for two reasons: First, the Burlington issuance is not within the purview of section 20a of the Act, since that issuance is not, on its face, for Burlington purposes, but serves the interest of New Company, and, therefore, is not for some lawful object within its corporate purposes as required by the statute, or that such issuance is "reasonably necessary for such purposes" since an issuance of new consolidated bonds secured by the same assets as the pres-

ent Northern Pacific bonds could produce the same result as an equivalent equal lien; and second, the legal doctrine of merger extinguishes the debt existing on the Burlington issuance since the creditor (New Company) also becomes the debtor upon merger of the Burlington into New Company, there being no intervening equity to preserve the debt as the trustee of the consolidated mortgage is fully appraised of the entire plan (debtor-creditor become one). In short, Minnesota contends that following consummation of the transactions, the Burlington bonds would become worthless as a pledge and the issuance should be denied as a sterile act.

Minnesota's position here takes on an inconsistent approach. Its first argument asks that the Burlington issuance be viewed as an entirely separate transaction, and its second argument insists that the transaction as a whole be studied. The purpose of the Burlington issuance is in furtherance of unification and is an integral facet thereof to preserve the Burlington properties as an encumbered security. On that basis, the issuance is within Burlington's corporate purposes and is reasonably necessary for such purposes as encompassed within section 20a of the Act. Nor can it be said that the debt represented by those bonds would be extinguished upon unification for lack of an intervening equity when the bonds are to be substituted for the Northern Pacific refunding and improvement bonds to be withdrawn as security. Minnesota also criticizes the preservation of bonding power by the constituent companies under the consolidated mortgage following unification. Minnesota admits that the power sought would be exercised in the name of New Company. Retention of the individual bonding serves to identify specific property within the ownership of New Company which would be subject to the bonds.

Minnesota also raises a particularly specious argument concerning the New Company's lease of SP&S. It notes that under the lease, New Company may dispose of all of the SP&S property without the latter's consent. If such does occur and then New Company should cease operations, SP&S, as owner of the properties becomes responsible for operation of its line. But it will have

nothing with which to do so. Thus, concludes Minnesota, the lease is not consistent with the public interest. The nature of that argument almost defies answer, but it should be noted in passing that if New Company ceases operations or otherwise becomes unable to continue, the operations of SP&S will be, in that event, but a small bit of a much greater problem. Furthermore, New Company's cessation would require this Commission's authority at which time the matter raised here by Minnesota may be afforded due consideration.

Since Burlington is wholly complementary to the Northern Lines with minor duplicating facilities, Minnesota argues that there is no substantial evidence warranting unification of that carrier into New Company and that many of the benefits such as savings in labor forces, interchanging at Northtown rather than at Dayton's Bluff, and some pooling, could be achieved through coordination. Minnesota alleges that no real improvements will accrue to Burlington from unification, in fact, it may even lose some traffic that it now carries through Council Bluffs and Denver to and from Chicago in favor of the preferred route through Twin Cities. As described above, Burlington is an integral part of New Company's operations. Without it, it is doubtful if the planned economies and efficiencies of unification will bear fruit. But Minnesota makes no reference to this, and its argument here treats Burlington separately and without identification to New Company.

Minnesota attacks the exchange ratio arguing that the value of the Burlington properties was not considered and it maintains that such action is tantamount to a surrender by Great Northern and Northern Pacific stockholders of their equity in the Burlington properties which they presently enjoy through their ownership in the former companies. The exchange ratio has been fully discussed, is reasonable, and fairly treats all concerned.

Minnesota also strikes out at the pension plan presently maintained by the applicants for non-union employees to be continued by New Company. Minnesota contends that since the public will underwrite the pension plan, it is a legitimate field of inquiry since it is expected to cost

$5 million annually. As noted, Minnesota insists that the effect of unification on employees should be disregarded when their fate is subject to New Company's decision alone. Furthermore, it cannot be said that the pension plans are unnecessary to the conduct of carrier operations. Rather, it appears that to insure proper and competent management, such plans are in widespread application.

On brief, Minnesota repeats its contention raised at the hearing, that the issues concerning certain abandonments not a part of the subject transactions, are relevant and material hereto and that the hearing examiner's refusal to permit testimony on those issues was error. To the extent that the savings from future abandonments are foretold in the Wyer Report, those abandonments have been considered herein. On the main, the savings result from the elimination of duplicate facilities which by definition and as found herein do not adversely affect the public interest.

But Minnesota takes issue with possible savings resulting from abandonments not sought by the applications herein nor upon which the unification is predicated. At best, the lines with which Minnesota is concerned may become candidates for abandonment if the unification is consummated; but no decision was made and their fate is at best uncertain. As such, any disposition here concerning those items amounts to an unwarranted prejudgment. The decision on unification must be grounded solidly on the facts developed at the hearing, and the hearing examiner could not properly admit testimony on purely speculative matters. To consider matters of that nature and outside of the factual sphere would be folly and result in a decision whose foundation is conjecture. The hearing examiner affirms his ruling.

Minnesota argues that the Commission must deny the merger of Northern Pacific into New Company because that carrier's extensive holdings in land, oil, gas, timber, and minerals are involved and would pass to New Company. Its argument here is that Congress intended the immunities of section 5(11) only for the transportation industry, and the Commission cannot assume jurisdiction

over the vast non-carrier activities of Northern Pacific. To follow Minnesota's argument would lead to the conclusion that the Commission is powerless to authorize a transaction otherwise consistent with the public interest because an applicant possessed non-carrier investments. That obviously is not the Congressional intent. On the other hand, Northern Pacific's non-carrier activities are not subject to this Commission's jurisdiction insofar as their treatment and disposition is concerned, i.e., the Form A annual reports require information concerned with a carrier's activities. Thus, if the instant transaction violates the anti-trust legislation insofar as non-carrier activities are concerned, it is not for this Commission to enforce such legislation and such enforcement by the proper agency would not wreak havoc with any determination concerning carrier operations. As such, denial of the Northern Lines merger is not warranted nor should approval of unification be conditioned on the divestiture by Northern Pacific of its non-carrier holdings which would involve a program of corporate dismemberment. Cf. *Jordan Bus Co.—Purchase—Baum*, 58 M.C.C. 296, 300. However, that subject is treated elsewhere herein. Intervener Minnesota's arguments thus discussed are not meritorious. Other arguments raised by Minnesota are discussed elsewhere herein.

Intervener Minnesota Motor Transport Association opposes unification on the grounds that one or more of the applicants have motor carrier rights, both interstate and intrastate, and if permitted to combine the rights without restrictions, such action would seriously affect other motor carrier competition. Intervener participated in the procedings only briefly, and it offered no evidence. Moreover, except for the intervener association, no single motor carrier opposed the applications or has sought any restrictions on the motor carrier operations. Because other interveners in opposition are also concerned with the subject matter and have raised a number of arguments in respect thereof, they will be disposed of at this point. Intervener Iowa expressed concern that the services of BTL be continued as at present without imposition of any additional restrictions to that service which

is auxiliary to or supplemental of rail service, to which applicants concur. Intervener Justice on brief argues that the proviso of section 5(2)(b) of the Act, herein called the proviso, specifically requires that the Commission shall not enter an order authorizing or approving a merger "involving a motor carrier" unless it finds that the transaction proposed will be consistent with the public interest and will enable such carrier to use service by motor vehicle to public advantage in its operation "and will not unduly restrain competition," and that applicants failed to make such a showing. Further, it argues (a) applicants' evidence relating to motor carrier and barge competition is sketchy, inadequate, and incomplete and does not show the extent and nature of this competition, or (b) that merger would unduly restrain competition, that any order finding the proposed merger would not unduly restrain competition "would be arbitrary and capricious and not supported by reliable, probative, and substantial evidence," and that the application should be dismissed or denied. Additionally, intervener Minnesota on brief argues similarly with respect to the applicability of the proviso contending (1) any authority granted is subject to the statutory and mandatory restrictions contained in said proviso and (2) that authority for New Company to acquire control of the motor carrier subsidiaries of applicants cannot and should not be granted because the applications and supporting papers as filed do not, and cannot be construed to, include such a request. Further, intervener Washington, in its brief, argues similarly relative to the motor carrier subsidiaries, adding that because merger would involve a new acquisition of control, such acquisition is subject to section 5(2), and that applicants failed to comply with regulations of the Commission thereunder, that the specifically required procedure of filing appropriate application on form BMC-45 (revised) for authority to acquire control of the motor carrier subsidiaries has been ignored, and in view of that omission, the Commission cannot give consideration to the acquisition of control of BTL or NP Transport within the sphere of the subject proceedings. Moreover, it argues that some of the motor carrier operations involved are

largely unrelated to that concept of the development of railroad and motor carrier operations (referring to the historical development of the application of the restriction applied in certain railroad affiliated motor carrier certificates covering operations auxiliary to or supplemental of rail service) subject to the restriction "auxiliary and supplemental to" rail service; that, however, that status came about, the simple fact is that acquisition of control of motor carriers is now apparently sought by a new merged company; and that attempted acquisition must be governed by now existing laws, regulations and policies.

As indicated by the applications herein, authority is sought, inter alia, for merger of the properties of Great Northern, Northern Pacific, and Burlington into New Company, and for acquisition by New Company of control of carriers subsidiary to or affiliated with Great Northern, Northern Pacific and Burlington. The application and prayer thereto refer to all properties and assets of the mergering railroads including carriers subsidiary to or affiliated with such railroads, including motor carriers. The details of the motor carrier operations have been fully and adequately disclosed, and the record reflects detailed evidence in respect to them, as portrayed herein. As indicated, no extension of motor carrier operations or operating rights is sought, and no merger or consolidation of the motor carrier subsidiaries is contemplated by the proposal.

In respect to interveners Minnesota and Washington's contention of lack of compliance by applicants with specific format for action by this Commission on the subordinate operations of the proposal in the aggregate as presented, it is significant to note the applicants' pleading were accepted for filing and appear in all respects to comply with the spirit of the Act and the major procedural regulations thereunder. No showing has been made that applicants failed to disclose or refused to furnish any required information or data necessary to a proper determination herein. It is always within the discretion of an administrative agency to relax or modify its procedural rules adopted for the orderly transac-

tion of business before it when in a given case the ends of justice require it. It acts in the public interest and not in vindication of private rights. Its discretion is not to be controlled at the whim of a private party to the neglect of the public interest. Its action is not reviewable except upon the showing of substantial prejudice to the complaining party. Cf. *NLRB* v. *Monsanto Chemical Co.*, 205 F. 2nd 763. See also Rules 1.2 and 1.38 of the General Rules of Practice. No showing has been made by interveners Minnesota and Washington that they have been prejudiced by such action herein.

Nothing in the proposed transactions would bring under railroad control any motor carrier operation which are not now operated by or under the control of applicants. Compare *Great Northern Ry. Co.—Control—Superior & D. Transfer*, 85 M.C.C. 401. In that connection, it is significant to point out that in *Missouri-K.-T. R. Co. Consolidation*, 312 I.C.C. 13, at page 16, the Commission stated:

> "As a result of the transaction proposed herein, control of the subsidiary railroads and the motor carrier will be acquired by the consolidated company and by Madison, to the same extent that it will control the consolidated company. We have concluded in previous proceedings of this nature, where a transaction involving the control of a motor carrier by a railroad or a railroad affiliate results only in a change of form, rather than in a change of substance, that the proviso contained in section 5 (2) (b) concerning the findings necessary in such cases is not applicable. We reach the same conclusion herein. See *Greyhound Mergers*, 1936, 1 M.C.C. 342, 250. See also *Atchison, T. & S. F. Ry. Co.—Control—Sante Fe Trail Transp.*, 15 M.C.C. 469, 472."

In *Santa Fe Trail Transp. Co.—Pur.—Santa Fe Transp. Co.* 90 M.C.C. 123, involving the unification of the authorities of two motor carriers subsidiaries of Santa Fe, including certain unrestricted rights, the Commission stated at page 127:

> "[T]he operations under consideration were under railroad control prior to the effective date of the act (October 1, 1935), or came under such control upon the showing of proof required by the act, and this situation would not, in practical effect, be changed in any way by the proposed transaction. What is proposed here, is a change in form rather than substance, and the proviso of section 5(2)(b) is inapplicable. See *Atchison, T. & S. F. Ry. Co.—Control —Sante Fe Trail Transp.*, 15 M.C.C. 469, 472"

A similar conclusion is warranted herein. All of the motor carrier operations involved herein also are those which either were conducted by the railroads or were under railroad control prior to the effective date of Part II of the Act or later came under railroad control upon the showing of proof required by the Act.

Although the hearing examiner finds that the proviso of section 5(2)(b) is inapplicable, certain features of the record warrant discussion. With respect to the proviso requirement that competition not be unduly restrained, it is significant to note that the routes involved duplicate (or overlap) in only three instances, and that no tacking or other expansion of existing rights would occur. The only common point of significance is Billings, Mont., and the connection there between BTL and NP Transport is complementary rather than competitive, some traffic moving in all motor service being interlined at that point between the two companies. No showing is made on this record that unification as proposed would adversely affect the services or revenues of any other motor carrier, for no independent motor carrier or carriers operating in the areas involved has evidenced interest through intervention herein. Thus, the transaction will not restrict motor carrier competition.

The record evidences extensive public use and reliance on the unrestricted operating authority of BTL and NP Transport and the services they perform thereunder. It is evident that the quality and frequency of service offered by BTL and NP Transport to a great extent are dependent upon their being able to combine rail traffic and rail work with all-motor traffic since the

available volume of either class of traffic alone is insufficient. It is obvious that any restriction as advocated by intervener Washington incorporating the auxiliary or supplemental limitation over and above those already set forth in the carriers' certificates would seriously and adversely affect the service presently performed in connection with railroad operations.

To the extent that operations are carried on under certificates which contain an auxiliary or supplemental restriction, or which were granted by the Commission in merger or extension proceedings wherein the standards of the proviso were applied, it is axiomatic that the service is and must continue to be used to public advantage in connection with rail operations. This includes all of the authorities of Burlington, Great Northern and S&DT as well as certain of the authorities of BTL and NP Transport. The operations performed by BTL and NP Transport auxiliary and supplemental of rail service produce faster service for the shippers directly affected, result in savings in direct expense and car days for the railroads, release needed boxcars for more productive service, and allow better service on rail-hauled traffic through the elimination of yard congestion and switching delays at terminals and the removal of less-than-carload traffic from local trains. Additionally, the substituted passenger service provided by NP Transport has permitted the elimination of unprofitable trains while improving service to the public. The service which Burlington and Northern Pacific have thus far been able to provide as a result of the substantial coordinations with their motor carrier subsidiaries should continue to be performed in the same manner by New Company after unification. Under the circumstances, the arguments advanced by interveners Justice, Minnesota, and Washington are without merit.

Intervener Missoula Civic Group, a non-corporate nonprofit association of local citizens and residents of Missoula County, Mont., organized by a group of railroad employees, opposes the applications. Its evidence indicates that it has gathered signatures of several thousand fellow citizens on petitions expressing opposition to the

unification, and that several hundred businessmen of the community are signatories to a separate petition expressing similar position. The substance of its evidence is confined to general expressions of fear of job loss in the area and that the resulting economic effects in the city of Missoula would be adverse. It is concerned with the future of Missoula as an expanding community, and feels that loss of freight service or a diminishing of freight service would discourage industry from developing the potential of the area, although it offered no evidence of its transportation needs or of the adequacy or inadequacy of services available or proposed.

Significantly, the record shows that unification as proposed would bring an improved service by the merged lines to Missoula. Moreover, on the basis of conditions imposed, Milwaukee's relative competitive position should improve, and its service at Missoula should be improved as a normal competitive measure. Thus, intervener's position is primarily predicated on fears, and not founded in fact.

Intervener Montana opposes the applications contending (1) there is no showing of a strong and clear public gain from the unification in that (a) the component railroads are financially strong and sound, (b) the purported savings from unification are uncertain, (c) the requirement of inclusion of, or failure to include, other railroads has been ignored, and (d) the total fixed charges are uncertain, (2) the unification is not in the public interest because it would eliminate competition, (3) great size is not a guaranty of efficiency, and (4) unification have a punitive effect upon the State of Montana.

It argues that while the unified system would have the shortest route between all important points south and west of Chicago, on the one hand, and, on the other, all important points north and east of Portland, the wide routing and diversion privileges it could provide would place it in such a dominant position in the territory that no other transportation facility or mode could effectively compete. Further, it argues that in the face of adverse railroad conditions elsewhere in the country, each of the

four component railroads and their subsidiaries is exceptionally strong; that no showing has been made that any of the applicant railroads is in financial danger, and that the public has nothing to gain from increasing the financial strength of the applicant railroads; that applicants' estimated savings are speculative and include application of arbitrary factors in the estimates, and elimination of services and abandonments of lines which require separate proceedings; that the estimated savings are shown to be before taxes, and if subjected to usual taxes would not exceed more than $20 million annually; that the estimated annual savings are infinitely small compared to total assets involved, and, in view of the proposed abandonments, do not constitute a sufficiently clear and strong gain; that the claimed benefits, whether to shipper or to railroad, resulting from merger, are insubstantial and inadequate to make up for the disruption to the economies of the several states, and that loss of competition will rebound to the detriment of the public. Further, it argues that applicants do not seek to include certain of applicants' railroad subsidiaries (C&S, FW&D, Oregon Electric and Oregon Trunk) and that if failure to include those subsidiaries in merger would continue to perpetuate competitive advantage now enjoyed, then the public interest is adversely affected and the transaction should be denied. It also argues that applicants failed to meet their burden in respect of fixed charges, and without such evidence, the Commission cannot make the required statutory findings; that it is against the public interest to eliminate the competition between the two Northern Lines (in the Seattle-Tacoma area, at Missoula, Helena and Billings, and to a lesser degree at Sidney, they are each other's principal competitors, at Spokane, they are strongly competitive, there is important competition between the two Northern Lines in the Twin Cities area, merger would result in single line and no competition between the Northern Lines at Duluth, all of those cities are important in the economy of the northern tier of states served by the two railroads), that preservation of competition between railroads, particularly where they are financially healthy is

historically recognized as good for the public; and that railroad competition would be adversely affected in that Milwaukee is not in a position to offer competition because its lines are limited, and Union Pacific and Soo can only offer circuitous routes to the area served by the proposed system, and if time in transit is important, those carriers cannot offer competition.

Montana's evidence through 21 witnesses was comprised of that of its three commissioners, 12 other state and various city government officials, two chambers of commerce (Laurel and Forsyth), a druggist, an undertaker, a farmers' union organization, and an attorney. Its evidence shows that Montana with a land area of 145,878 square miles and a population (1960) of 674,767, is a producer of raw products for manufacturing; its eastern countries producing great volumes of wheat, barley, oats and related grains; its sugar beet industry is thriving; and its livestock and feeder industry produces cattle for markets west to Seattle and Portland, south to California, southeast to Sioux City, Omaha and Kansas City, and east to St. Paul. A number of railroads serve Montana: Great Northern, Northern Pacific, Burlington, Milwaukee, Oregon Short Line (a subsidiary of Union Pacific), Montana Western, and Soo.

It expressed concern over the proposed unification fearing that if consummated, it would result in reduction of railroad service, reduction of jobs (315.5) in Montana and concurrent $1,911,000 loss in payroll, would have an adverse effect upon the economy of Montana in that loss of railroad jobs and payroll would have a chain reaction in its economy, and would result in abandonment of lines, disruption of its state and county tax structures, and remove the healthy railroad competition presently enjoyed and needed to attract industry. Although it expresses a desire for competition state-wide, it is significant to note that one of its commissioners indicated that competition between Great Northern and Northern Pacific in Montana is not extensive. The testimony of its various witnesses, though of an argumentative nature, reflects numerous misconceptions of facts. A number of witnesses were primarily concerned with abandonment

of lines, particularly those lines mentioned in the Wyer Report as pertaining to Montana. Clearly, such proposed abandonments are not within the purview of these proceedings, as discussed elsewhere herein. Concern over reduction of service was directed to proposed service over the Northern Pacific line, although it made no detailed study of the proposal in that regard. Concern over car supply was expressed in contradictory terms by its own commissioners, one of whom evidenced interest in the status quo, indicating no complaints had been filed in recent years; the other complaining of serious shortages of grain cars. Arguments in respect of applicants' financial position in relation to public gain is discussed elsewhere herein. No credible evidence was offered by Montana in challenging applicants' evidence respecting estimated savings, or that the effect of unification on the economy of Montana or its tax structure had any direct relation to adequacy of transportation service. Its arguments in respect of the inclusion or failure to include certain subsidiaries of applicants, fixed charges, and competition, although not persuasive, are discussed elsewhere herein.

Intervener Montana State AFL-CIO representing 18,000 members of 170 craft, railway and trade unions in Montana opposes unification on the basis of resolutions made that it would result in abandonment of service to many Montana points, depriving communities of service, retard economic growth, reduce tax revenue to many counties and create widespread unemployment but, except on the subject of job loss, it offered no evidence to substantiate those contentions. Its evidence, moreover, is confined solely to expressions of fear of job loss although its primary concern is with strengthening its membership. While it also argues that unification would adversely affect its efforts to attract new industries to Montana, it offered no evidence of its efforts in that regard.

Intervener City of St. Paul, Minn., evidenced its opposition through a representative of its city council. The latter enacted a resolution opposing unification on the

grounds that applicants are financially healthy, that there is no economic justification for the proposal; and that it would result in monopoly in transcontinental rail service, reduction of facilities in the city, loss of job opportunities; that it would destroy property values and adversely affect the economy of the area; and that it would impair the taxing abilities of the State of Minnesota and its political subdivisions. It offered no detailed evidence to support its position, but relies on general statements of conclusion which offer little substance for evaluation.

Intervener Seattle Improvement Council, a non-corporate non-profit association of individuals, principally railroad employees, all residents in and about Seattle, and organized February 15, 1961, expresses concern with the economic stability and growth of the Pacific Northwest, particularly the greater Seattle area. It opposes the proposed unification on the grounds that it would have a detrimental effect on the economy of the area and impede its development by reducing the amount, type, and quality of rail service available. Its evidence comprised the action of the Washington State Grange in a resolution opposing unification as in conflict with the State constitution; the testimony of a county commissioner of King County, (Wash.) expressing fears of a lessening of competition by harming Milwaukee, with resulting job reduction; and a representative of the Port of Seattle, a municipal corporation, which derives its revenues from shippers and consignees using its facilities, who expressed fears that unification would limit competition, have an adverse effect on Milwaukee's competitive position, and thus have an adverse effect on attracting new industry, and increase unemployment. Other evidence included that of an oil processor who uses the services of both of the Northern Lines inbound and fears deterioration of service by elimination of competition following unification, although there is no showing that competition between the two Northern Lines has been the basis of the high service received. There was also evidence of a representative of a Washington organization composed of numerous labor unions and craft

councils through whom was introduced a resolution opposing the Northern Lines merger for similar reasons as well as impact of unification on the economy of Washington; and a state representative through whom a Washington Senate Joint Memorial opposing merger of the Northern Lines for similar reasons was introduced into the record. Interveners' evidence, which is sketchy and deals largely with generalities, is supplemented by broad argument that affords little basis for a determination dealing with transportation service or requirements, present or proposed, or the application thereof to the subject proceedings.

Intervener Spokane Anti-Merger Association, a noncorporate, non-profit association of individuals, principally railroad employees, who reside in and about Spokane and Pasco, was formed February 5, 1961, for the purpose of opposing the Northern Lines merger. Its opposition is predicated on anticipated adverse effect expected to result in the Spokane and Inland Empire areas from (1) job eliminations contemplated by the proposals resulting in substantial loss of payroll significant in the area economy, and (2) elimination of rail competition. Its evidence through eight witnesses comprised that of a grocer concerned with potential loss of business resulting from job elimination in the area; a wholesale and retail supplier of building products (50 carloads annually by Northern Pacific and/or Great Northern) who fears monopoly of rail service would result and the area would suffer because of lack of competition and service; an association officer (railroad employee); a beer distributing agency which receives supplies by rail and truck, but is concerned with anticipated loss of business resulting from job elimination; a representative of a labor council and a jewelry store proprietor concerned with effect that proposed job elimination and payroll loss to the community would have upon business; and a representative of a county planning agency concerned with rail competition and passenger service in the Pasco-Kennewick-Richland, Wash., area. Through stipulation, 14 others representing a variety of local business establishments were available and but for being cumula-

tive, their evidence would be substantially the same as that expresed by the others.

While intervener argues that impact of monopoly would result from unification and stifle development of Spokane, the Inland Empire area, and the Pacific Northwest; that competition between the Northern Lines has been beneficial as regards rates, amount and quality of service; that competition is necessary to healthy development of the area in that it requires speedy and adequate transportation service; and that elimination of such competition would be harmful to Milwaukee and in turn adversely affect the area served, its evidence is at best sketchy, reflects but a limited knowledge of the proposals and of shippers' or receivers' transportation needs and services, and deals primarily with economic impact on a few selected individuals presumably offered as representative. Rail service is provided at Spokane by Union Pacific, Spokane International, Milwaukee, Northern Pacific, Great Northern, and SP&S; at Pasco by Great Northern, Northern Pacific, and SP&S; at Kennewick by Northern Pacific, SP&S and Union Pacific; and at Richland by Northern Pacific and Union Pacific. The subject of economic impact on communities, etc., aside from transportation requirements and services is discussed elsewhere herein.

Intervener City of Superior, Wis., evidenced its opposition through its single witness, a representative of its city council. Its opposition is predicated on a motion of the city council dealing with anticipated job loss in the city as a result of the proposed unification adversely affecting rail employees. Its evidence was confined to a clarifying of its position.

Intervener Washington opposes the proposed unification contending that applicants are financially strong, that unification is not a prerequisite to continued healthy condition, and that the unification as proposed would result in New Company dominating the remaining ineffective competition, principally Milwaukee. It argues that the rate of return figures upon which applicants rely as indicating financial erosion are not a meaningful measure of a financial or earnings position. It further

contends that the applications should be denied because of the need for maintaining existing competitive rail service to meet the requirements of the expanding Pacific Northwest; that effective competitive rail service for that area cannot be assured except by denial of the authority sought; and that applicants have failed to show that the transactions are in the public interest. Other arguments raised are discussed elsewhere herein.

In conjunction with a memorial adopted by the Washington State Legislature opposing unification, it is asserted that the competition between Great Northern and Northern Pacific is important to keep service satisfactory and to attract industry to the area and that the benefits of competition will be greatly impaired upon unification in that New Company will completely overshadow Milwaukee tending to create a monopoly. Intervener also points to Article XII, section 16, of the State's Constitution which prohibits the consolidation of the stock, property, or franchises of competing railroads within the state. That, no doubt, has reference to the fact that Pacific Coast, also a party to the application, operates solely in Washington. While not advocating denial of the transaction by virtue of the state statutory prohibition (see section 5(11) of the Act and Cf. *Schwabercher* v. *United States*, 334 U. S. 182, 194-195, and *Seaboard R. Co.* v. *Daniel*, 333 U. S. 118, 125-126), intervener cites that provision and its legislature's memorial as typifying the nature of its opposition to the proposed transactions.

Intervener contends that since applicants have failed to develop meaningful rate of return figures upon which they rely as a basis of justifying the authority sought, they are of no use in resolving the issues involved. It points out that applicants have experienced increases in stockholders' equity from retained earnings (as opposed to investment of new capital), increases in dividend rates, and favorable investor appraisal of the securities of Great Northern and Northern Pacific. Intervener criticizes applicants' method of computing rate of return as erroneous—for example, it disagrees with use of cash, materials and supplies in determining the rate base; and

the failure to determine the actual accrued depreciation for the years prior to 1943 when only rolling stock accrued depreciation resulting in much of the plant stated at original cost with no depreciation deduction, thus producing an incomplete rate base. It points to applicants' cash flow, the current ratio and other related ratios as more clearly demonstrating the financial position of the applicant lines. However, in view of the previous discussion on the rate of return figures upon which applicants rely and the adjusted figures as recomputed by the hearing examiner based on methods long approved by the Commission and consistently followed, Washington's argument does not merit further consideration. Intervener also assails the continuation of the restricted stock option plans offered by Great Northern and Northern Pacific as inconsistent with their argument that those lines are other than strong and healthy. However, it admits that its position on that subject is without regard to the motivations for offering the plans which may well resolve the stated inconsistency.

Intervener Washington's evidence is designed to show in part: (1) the financial strength of the western railroads (Western District) as compared to the eastern railroads (Eastern District); (2) the strength of the western roads as compared to all Class I railroads; and (3) a comparison of the applicants' strength in relation to other railroads. Based on these comparisons, intervener concludes that the major line-haul railroads serving the west are financially strong, except for Milwaukee and C&NW, and do not require mergers to perpetuate their sound operation. Further, it concludes that the two intervener railroads mentioned will be adversely affected as a result of the proposed unification. Intervener points out that Milwaukee would be competing with a system operating over twice the mileage of its own system, and that as a result of revenue loss anticipated from diversion of traffic plus additional train mile expense, Milwaukee's deficit would be extensive and it would, no doubt, face bankruptcy. Intervener Washington gave no consideration to any affect application of

Milwaukee's proposed conditions would have upon the situation.

Intervener Washington contends that the unification proposal was conceived and executed primarily to promote the interests of the stockholders, and it points to New Company's earned surplus account which is expected to increase by over $63 million after allowing for capital expenditures after five years of operation. That, intervener concludes, increases the book value of the common stock, but no indication is made of passing on the savings to the shipping public through reduced rates, and such an intention is not demonstrated by the record. Rather, intervener argues, applicants have failed to sustain their burden of showing that the proposed unification is in the public interest. It points to the state's expected job loss of 1,284 jobs carrying an annual payroll of approximately $8 million and the alleged curtailment of competition which, it states, accounts for the savings resulting from unification, together with the diversion of traffic from other lines. Here, intervener Washington does not allude to the testimony of numerous witnesses, including those with unchallenged technical knowledge, that an economical and efficient operation is reflected in the rates with the resulting maintenance of favorable rates and, in some cases, reductions. Intervener challenges applicants' evidence dealing with greater availability of cars following unification. From a thirteen weeks' study which it conducted dealing with 1960 data, it concludes that the demands for cars on Great Northern, Northern Pacific and Burlington peaked at or near the same time. Thus, it states, no greater availability of cars would occur. However, its evidence does show that there is approximately one month between peak loadings on the Burlington, on the one hand, and the Northern Lines, on the other. From that, it can be seen that as the demand on the Burlington declines, it increases on the two Northern Lines. In fact, for the week ending June 25, 1960, the Burlington demand begins to increase while on Great Northern it declines and on Northern Pacific it remains constant. The balancing of these declines and increases provides more car utilization than is possible under sep-

arate management even though the peak periods may be only a month apart. Intervener also points out that the savings in car days did not take into account the longer return movements involved from points on New Company in Kentucky, Missouri, Illinois, and Colorado (presently cars on Great Northern and Northern Pacific would be returned at Twin Cities). But intervener ignores the proposed centralized distribution system, previously described, which compensates for the longer return and the end of the present independence of the applicant lines thereby increasing the availability of specialized equipment which is becoming increasingly more important in the Pacific Northwest.

Intervener argues that the Pacific Northwest is dependent upon a raw material economy, which will not soon change, for which the most effective method of long-haul transportation is by rail or water, and that the latter mode is disappearing. Its point in respect of water transportation ignores the growth of water transportation both inland and coastwise in the Pacific Northwest. It maintains that if there is to be any effective competitive transport service in the Pacific Northwest, it can only come from rail transport, and that is best achieved by denial of the subject applications. Great Northern, Northern Pacific and Milwaukee serve the Pacific Northwest and, it argues, only the latter would remain as a competitor if the proposed unification is consummated. Washington's evidence, on that phase, is geared to show that unification would result in a severe curtailment and some elimination of competition and the diversion of considerable traffic from Milwaukee. Intervener likewise ignores the operations of Union Pacific and the available transcontinental routes shown of record. As indicated, its premise is predicated on a convenient avoidance of an evaluation of the Milwaukee proposed conditions.

In an effort to refute applicants' evidence, intervener Washington refers to Minnesota, North Dakota, Montana, and Washington as the four states which generate the greater percentage of revenues at competitive points and refers to Class 2 stations served by two or more of

applicants and at least one other rail line, excluding the Burlington, which would be affected by the proposed unification. Of the 236 stations shown in that class, 111 are located in Washington. The stations, the cars, the tonnage and revenue for which they account, have been previously described. However, intervener Washington points out that for the four states mentioned, the Class 2 stations account for 77.8 percent of the total Class 2 station revenues. In that light, the percentage would appear impressive, but it must be borne in mind that considered as a whole, the Class 2 stations generate only 26.9 percent of the total revenues, and, as previously indicated, from a competitive standpoint, 96.85 percent of the total stations served by applicants will continue unchanged as to the number of railroads by which they are now served or will continue to be served by two or more lines. Since at the Class 2 stations, a carrier other than applicants would continue to provide service, it seems quite likely that the opportunity for the other carrier to increase its participation should be substantially greater. Furthermore, under the recommended conditions with Milwaukee obtaining access to Portland, its status as a competitor for traffic in the four states mentioned will be enhanced. Intervener Washington states that removal or elimination of competition largely destroys any possible benefits that would result from unification, but its support of that premise is decidedly weak. Specifically, 187 stations on Milwaukee are also served by one or more applicants, and 135 of those stations are located in Washington, Montana, North Dakota and Minnesota. This, according to intervener Washington, is one measure of the competitive value of Milwaukee. It ignores the fact that upon unification, that situation would not be disturbed. Rather, the likelihood of improvement seems more logical. However, intervener argues that unification will enable New Company to divert considerable traffic from Milwaukee and greatly lessen the latter's earning power. Intervener Washington cites Milwaukee's claimed dollar effect from diversion plus its cost to operate additional train miles in an effort to compete with New Company. Intervener

Washington regards Milwaukee's figures as ultra-conservative and contends that it understates the loss Milwaukee would incur. Alluding to Milwaukee's evidence that it could not continue as an effective competitor unless its conditions were imposed, intervener Washington concludes that the applications must be denied since applicants have refused to agree to those conditions. It is apparent that intervener Washington either fails to consider or perhaps ignores the responsibility of this Commission in prescribing in proceedings of this nature (applications seeking permissive authority) appropriate conditions which it may consider necessary and proper in any authority which it may grant. With the conditions here recommended for imposition, the State of Washington will have in Milwaukee a more substantial competitor to New Company. Moreover, Milwaukee's competitive stature would be greatly enhanced as a transcontinental competitor with its operations terminating at major points under broader authority. Considering that, the overall minor loss of some competition and the benefits which unification as modified should provide, the hearing examiner is not persuaded by intervener Washington's argument.

Intervener Wheat Producers Transportation Committee of Great Plains Wheat, Inc., representing wheat producers in North Dakota, South Dakota, Nebraska, Kansas, and Colorado, opposes unification on the grounds that it would result in and have a monopolistic effect on and impede the growth and realization of the full economic potential of the area, and argues that the proposed economies upon which applicants rely to be effectuated by unification could be achieved without such action. While its evidence indicates some misunderstanding of the proposals of applicants and conditions requested by certain intervening railroads, its efforts are directed critically to anticipation of difficulties in obtaining rate adjustments with a large single organization, although it does not make clear what those difficulties comprise. It is likewise critical of the fiscal policies and present rate-making policies of the three principal applicant railroads and particularly expresses dissatisfaction with

westbound rates on wheat. Despite those criticisms, it favors status quo rather than unification, except that it opposes control of Burlington by the Northern Lines. Its allegation of monopoly deals primarily with grain traffic from Montana and appears to be predicated on a lack of knowledge of the carriers actually serving the area. While it favors grant of Milwaukee conditions particularly those dealing with access to Portland and the gateway points involved if unification is approved, in support of which it offered no evidence, it evidenced little familiarity with those conditions.

Intervener Justice—Antitrust implications. Numerous aspects of the effect which the proposed unification would have upon competition generally among railroads and specifically applicants and by railroads with other modes of transportation have been discussed. A detailed review of the record indicates that much of the evidence and contentions of those in support of the proposals are refuted in varying degrees by the evidence and contentions of intervening railroads and those in support of intervening railroads and certain other interveners, but is not overriding. The brief of intervener Justice is premised on the basis that the only benefits from the proposed unification and the elimination of competition as between the two Northern Lines would be to assure increased revenues to applicants at the expense of competing and connecting railroads, that applicant lines are in sound, healthy financial condition, that applicants Northern Lines compete vigorously, that irreplaceable and important advantages and benefits of rail competition would be lost and minimized if merger is approved, and that such approval would contravene the anti-trust laws and be inconsistent with section 5(2) of the Act.

The petition of intervener Justice for leave to intervene, dated April 19, 1961, stated that if the proposed transaction is approved under section 5 of the Act, the carriers "may" be relieved from the operation of the antitrust laws by section 5(11) of the Act and therefore, it desired to protect its antitrust interest in the proceeding "as such interest may be developed on the record in this proceeding."

Justice did not intervene at the hearing until March 19, 1962, almost six months after the hearings began, when on the 30th day of hearing, its counsel entered an appearance. Its counsel stated its position initially as opposed to the application on the ground that the proposal would "violate the Sherman and Clayton Acts and will unduly restrain competition," but subsequently amended its position to indicate that, at that time, it was not "taking a stand one way or the other." Subsequently, its counsel again amended its position indicating outright opposition to the proposal, participated in active cross-examination and introduced its direct evidence at the hearings, and on brief reiterated that position.

It opposes the applications arguing on brief that the proposed unification would be contrary to the policy of the antitrust laws and inconsistent with section 5(2) of the Act and the national transportation policy, and should be denied because approval would (1) destroy the competition which now exists among and between Great Northern and Northern Pacific; (2) seriously damage and eventually jeopardize the existence of intervener Milwaukee; (3) result in a rail monopoly in a geographical market area extending from Twin Cities to the northwest Pacific Coast along the northern tier of states; (4) seriously injure other competing railroads and other competing carriers by diverting freight revenues from them and lessen competition; (5) deprive many communities and shippers of the advantages and benefits of competitive rail service; (6) impair adequate transportation in a growing region of the country; (7) impose an unnecessary hardship on many communities and shippers; (8) have an adverse effect upon federal establishments and would not benefit national defense; (9) would "trigger" new merger applications by and among railroads competing with applicant lines and each other, which might not be in the public interest, in order to attempt to offset and meet the power of New Company and to attempt to actively compete with it, and would thereby substantially lessen competition. Intervener's argument in respect of (9) is speculative, and finds no support in this

record. It contends that the public interest demands that the antitrust statutes be forcefully applied to defeat the proposed unification, and that there is no substantial evidence in this record on which the Commission can enter an order or make a finding that the unification, which involves motor carriers under section 5(2)(b) of the Act, will not unduly restrain competition. This latter argument is not meritorious, and has been discussed elsewhere.

It is significant to point out, however, that the various motor carrier operations conducted by the respective applicant railroads and their subsidiaries would be no different following unification and under the aegis of New Company than at present. Moreover, there would be no change in substance; only in form. No new or different aspects of competition would result as their operations would not be otherwise affected, nor would those operations have any other effect upon competing carriers, for, as indicated, the change would be one of form, not of substance.

Intervener's direct evidence comprised that of two witnesses, both government officials, and an exhibit in the form of a certificate to the effect that applicants have not applied for loans guaranteed by this Commission. The nature of its direct evidence indicates it pursues the role of the government as a shipper of freight by rail, although the evidence adduced offers little pertinent support. The chief of transportation and traffic of the Hanford, Wash., plant of the Atomic Energy Commission commented in general terms on the desirability of competition, indicating that the Hanford plant, like more than nine out of ten of all the stations served by applicants, will have the same number of railroads serving it after merger as are presently serving it. While Milwaukee, Union Pacific and Northern Pacific serve the plant, none of the other applicants do so, and unification would provide no change. All three lines have provided good service, and traffic is nearly equally divided unless special service is required. The plant is dependent upon rail service for transportation to avoid interruptions in

manufacturing, as there is no stockpiling and no capacity for storage of certain vital materials. The plant takes no position on the proposed unification or on the position of interveners and does not know the effect of unification on Milwaukee. It does not support either unification or Milwaukee conditions.

The acting regional director of transportation and communication service for General Services Administration for Region 5 (Wisconsin, Illinois, Indiana, Ohio, Michigan and Kentucky) manages the traffic to the various governmental agencies within its region, although it "does not presume to pass upon the merits of this proposed merger from the standpoint of a possible stimulant to or depressant upon desirable competition for the handling of government traffic in the areas served by the carriers here involved * * *." The net tons carried for it during the fiscal years 1958—March, 1962, by Milwaukee, Great Northern and Northern Pacific shows decline, and 55 percent of total tonnage moves by rail. Further, because of reduced needs of the agencies, it advocates that truck transportation should be used more frequently because of time in transit and rate considerations, but it offers no information thereon. It indicates that favorable opportunity for movement of government freight is largely dependant upon competitive climate within and among the various transport modes.

Intervener's evidence dealing with federal establishments indicates clearly that the proposed unification would have no effect whatsoever upon them. Moreover, contrary to intervener's argument in respect of national defense, unification would provide some positive benefit for the national defense, as previously discussed.

In its review of applicants' operations, intervener Justice correctly ascertains that they are in sound, healthy, financial condition. Through its one exhibit of record it shows that none of the railroad applicants has ever applied for a loan guaranteed by the Commission under the provisions of The Transportation Act of 1958, cited 49 USCA 1234(a)(1). That authority expired March 31, 1963. It appears that such evidence was introduced with a view to showing either that such loans should be ob-

tained either as a condition precedent to obtaining authority under section 5(2) of the Act, that applicant railroads' financial condition is such that because it has not sought such aid, that unification is unnecessary, or that financial impoverishment is a prerequisite to any grant of authority under section 5(2) of the Act. Regardless of the purpose intended, it is obvious that applicants have not sought such aid, and it does not appear that applicants' financial condition to the latest date of record would warrant such action. Application for such financial aid is not a prerequisite to a commitment by carriers to seek authority for unification under section 5. Moreover, a matter requiring primary consideration deals with a carrier's financial fitness, particularly an acquiring carrier, and in that area no questions have been raised.

Intervener Justice, without analysis, presumes that many economies projected by applicants in connection with the proposed unification are possible without merger, asserting, "it is undoubtedly possible for them to achieve substantial savings through means other than merger, while at the same time preserving for the public the many present important advantages of active competition between them." . . . but fails to provide this record with any identification of economies, which in its opinion, are appropriately a substitute, preferring to leave that to Commission discretion. As an intervener, it has a responsibility to present evidence in support of its position. It is not sufficient that it state its belief that economies are possible, leaving the nature and identification of these economies and means of obtaining them to the Commission determination. The Commission cannot work in a vacuum. Its argument thus is weak and merits no serious consideration.

On the basis of evidence it cites in its brief, it argues that not only would the proposed unification violate the policies of section 7 of the Clayton Act, but would directly restrain interstate commerce within the meaning of the Sherman Act presumably because Great Northern's and Northern Pacific's lines generally parallel between Twin Cities and the Pacific Northwest, although meeting at a

few points, citing *Northern Securities Company* v. *United States, supra* (1904); *United States* v. *Union Pacific Railroad Company, et al.*, 226 U. S. 61 (1912); and *United States* v. *Southern Pacific Company, et al.*, 259 U. S. 214 (1922). *United States* v. *E. I. DuPont de Nemours & Co., et al.*, 353, 586 (1957) is cited regarding acquisitions which may substantially lessen competition between two corporations, or restrain such commerce, indicating section 7 of the Clayton Act is violated whether or not actual restraints or monopolies, or the substantial lessening of competition has occurred or is intended.

Those cases cited warrant some exposition of the temper of the statutes in force when they were decided. The *Northern Securities Case*, supra, was decided in 1904, when the railroad consolidations therein involved were held by the Supreme Court to be combinations in restraint of trade under the Sherman Act, and ordered dissolved. Section 7 of the Clayton Act of 1914 provided a prohibition against acquisition by one corporation of the stock of another corporation where the acquisition would substantially lessen competition or tend to create monopoly.

Railroad unifications were subject only to the anti-trust laws until the Transportation Act of 1920 authorized this Commission to approve unifications of carriers and directed the Commission to prepare a plan for consolidation of the railway properties of the continental United States into a limited number of systems, and the carriers affected by such orders of the Commission approving or imposing consolidations were relieved from the operation of the anti-trust laws. However, the Transportation Act of 1940 amendments were enacted repealing the requirement that the Commission group all railroads into systems, but continued and expanded the provisions for anti-trust immunity in cases of voluntary unification proposals approved by the Commission under section 5 of the Act.

Intervener makes only callous reference to the fact that this Commission in proceeding under authority under section 5(2) *shall* give its approval if it finds the transaction "consistent with the public interest." The antitrust immunity as provided by section 5(11) result-

ing from such approval indicates that the Commission may give its blessing to unifications with anti-competitive effects which, but for such approval would violate the antitrust laws. The "public interest" in dealing with unifications of carriers must be measured by other than antitrust standards, or, more precisely, by such other standards (as for example, as are set forth in the Act) in addition to the anti-trust standards.

Intervener Justice argues that the unification as proposed would not satisfy the requirements of section 5(2) and the provisions of the national transportation policy, because of the "excessive non-railroad properties" of the applicants, and that section 5(2) does not expressly provide for, or imply, approval of mergers between carriers under such circumstances in that the merger of extensive non-carrier properties, such as those owned by Northern Pacific with those of the other applicants, clearly does not promote adequate transportation or serve the transportation needs of the public and would not be in the public interest. That argument has been disposed of in previous discussion.

It thus argues, on the basis of its previously mentioned premise, that approval of the proposed unification would result in a rail monopoly by New Company, will substantially lessen competition, and will have an adverse effect upon Milwaukee, its only transcontinental competition, in the relevant geographical market. It points out, correctly, that in the present situation, the parent companies—the two Northern Lines—are directly competitive.

There is no doubt that the two Northern Lines are in direct and active competition with each other at present, but that competition is limited and deals only with traffic at or moving between specific points. That conclusion, of course, must be limited to specific points and only those at which both provide a like service. At most major points where service is provided, the shippers' locations on the lines of the respective carriers play a significant part in who carries the traffic. Other factors which must weigh heavily in the concern over "competitive" service are route mileage between given points, time in transit between such points, and shipper preference, but the orig-

inating or terminating carrier could have a strong advantage in the holding of the traffic to its longest haul.

As has been shown, there are approximately 100 common points now served by two or more of the applicant lines, but intervener Justice argues, when analysis is directed to just the two Northern Lines (Burlington's operations being considered almost entirely complementary —connecting at the common points of Sioux City, Laurel-Billings and Twin Cities) the number of significant common points is reduced. The operations of Great Northern and Northern Pacific, which generally parallel each other between Head-of-the-Lakes and Twin Cities westbound to the Pacific Northwest, embrace some five major terminals: Head-of-the-Lakes (Duluth-Superior), Twin Cities (Minneapolis-St. Paul), Spokane, Seattle and Portland. Those terminals comprise 35 stations on Great Northern and 60 stations on Northern Pacific. The cars handled, tons transported and revenues derived from such operation in local originating and terminating and intermediate originating and terminating traffic by each of the Northern Lines shows important volume figures primarily due to the number of stations served by the respective railroads in the various terminal areas. Those figures are brought more sharply into focus when reflected in the light of the proposed consolidated system dealing with the major terminals of all the carriers involved, and are shown in appendix L-2.

Class 1 and 2 stations as between applicants Northern Lines are important, intervener Justice argues, from the standpoint of competitive effect, but with limitations, particularly to the four states of Minnesota, North Dakota, Montana and Washington. As shown, the class 1 stations are in Minnesota (51), Montana (34), North Dakota (20), and Washington (36), and the class 2 stations are in Idaho (13), Iowa (2), Minnesota (43), Montana (2), North Dakota (4), Oregon (22), Washington (111), and Wisconsin (9).

Intervener Justice points out that in 1960, class 1 stations produced $30,937,138 in total freight revenue and class 2 stations produced $184,691,320; that in 1960 in the four states of Minnesota, North Dakota, Montana,

and Washington, the applicant lines, excluding Burlington, at class 1 and 2 stations, respectively, produced the following freight revenues and percentage of the overall total freight revenues produced: $25,587,145 or 92.4 percent of the total, and $143,712,926 or 77.8 percent of the total. It argues that while the number of class 2 stations is only 5.27 percent of the total, the respective percentages of the cars, tons and revenues for that class are 20.89 percent, 17.75 percent and 26.9 percent, which indicates the importance of class 1 and 2 stations.

While those facts are accurate, intervener's concentration of its efforts along those lines is not persuasive. Such selectivity of statistics which it pursues ignores the proposal in the aggregate. Moreover, several of the intervener states in their respective analysis make pointed reference to just those factors insofar as their particular state would be concerned. And such analysis could go on ad infinitum by cities, towns and hamlets.

Again, the fact of the matter is simply that Burlington is decidedly an integral and important part of the proposed unification, and there is no real justification for excluding Burlington from consideration as to the competitive effect. By taking the states, one by one, it can be ascertained the volumes of traffic originating or terminating, calculating their percentages in relation to others or to the total number of states involved. But limiting analysis to a few states and ignoring the rest distorts the picture.

The hearing examiner recognizes that the evidence discloses considerable traffic moving along the northern tier of states and that that traffic does convey significant implications. However, that traffic handled at Washington stations, for example, where the number of railroads will be reduced was larger than the traffic in any other state, is merely a reflection of the fact that such major terminals as Seattle, Spokane, and Tacoma are located in Washington, and active competition among three or more railroads will continue at those points after merger.

Moreover, the detailed examination of the record clearly shows that 3.15 percent (141) of the total stations on the lines of applicants are now served by more than one

applicant railroad and by no other railroad (which stations in 1960 originated or terminated only 4.2 percent of the total cars originated or terminated on the five consolidated railroads). Of the total number of stations (4,479) on applicants' lines, other than the 141 to which reference is made, 4,102, or 91.58 percent, will continue unchanged as to number of railroads, and 236, or 5.27 percent will continue to be served by two or more railroads. Thus, 96.85 percent of the total stations served by applicants either will continue unchanged as to number of railroads or will continue to be served by two or more railroads. Intervener's argument that benefits of rail competition would be minimized or lost, and its allegation that communities would be deprived of competitive service is without merit.

Moreover, the record shows there would not result in the geographical area as a consequence of the proposed unification, with due consideration to the modifications and conditions recommended, a rail monopoly as alleged by intervener. The evidence is unmistakeably clear on that point.

Intervener Justice argues that applicants have misconceived the concept of existing competition between Great Northern and Northern Pacific also at class 3 stations indicating applicants' evidence "is predicated on the erroneous and much abused assumption that unless they both serve a common station they cannot be deemed to be competitive." Its efforts to disprove such theory takes on a number of far fetched examples from the record in an effort to substantiate its position.

For example, in a lengthy discussion, it would consider entirely conceivable that a shipper, not located directly on the line of railroad which serves a station, would find it advantageous to truck its shipments another 5 to 50 miles to another railroad to "get a better rate or superior service" in support of the argument that a competitive railroad in the general area is a competitive safeguard and in many instances would lead to rate adjustments which would not otherwise occur if one company controlled and dominated rail transportation. But this record shows few situations where cross-country competi-

tion as such could be effected. Moreover, intervener conveniently overlooks the function of the Commission under other sections of the statute and the fact that it, too, is concerned with reasonable rates. Thus, a shipper would have an appropriate remedy before the Commission in matters involving rates.

Moreover, those figures for 1960 show the state of competition then existing in but a limited sense and does not reflect the more important and overriding factor that the Northern Lines in recent years have been obtaining a decreasing share of the area's traffic because of the inroads of other modes, as previously discussed.

As for the railroad competition, applicants' principal rail competitor in those states, as previously indicated, is Milwaukee, which is in competition with Burlington and the Northern Lines at 187 stations, 135 of which are located in Washington, Montana, North Dakota and Minnesota, and, as indicated, that situation would not be disturbed. The large stations (which are also class 2) include Twin Cities, Duluth, Fargo, Butte, Seattle, Spokane and Tacoma. It too, over the recent years has been receiving a decreasing share of the area's traffic. Intervener Justice contends that the traffic involved which could be subject to diversion is great. It is difficult to comprehend the purpose of its analysis, particularly where at such substantial points Milwaukee's opportunity for increased traffic following unification with conditions recommended be imposed would be substantially greater than it has been at any time in its long history. Intervener Justice made no expert evaluation of those conditions and would disregard them completely on the basis that even if all of them were imposed it feels the unification would involve serious violations of antitrust policy.

Moreover, intervener Justice, throughout its brief ignores the climate of competition which is before this Commission in these proceedings. Such competition as is here involved is regulated competition—not competition in a free market. Moreover, intervener conveniently overlooks the strong and already recognized intensive competition the railroads face today and in the future

from other modes of transportation, much of which is not regulated. Such a situation gives impetus to the railroads and particular applicants to consider all efforts and opportunities to enhance their competitive situation through all possible economies and efficient operations. Those efforts and opportunities are necessarily limited because the subject matter involves regulated transportation. While the unification proposed is a combination of complex transactions within the framework of existing law, there is no doubt that service improvements should be the obvious result, which would be in conformity with the requirements of section 5(2) of the Act.

Whether unification would or would not violate the Sherman and Clayton Acts to which counsel for intervener Justice referred in his initial appearance at the hearing is not a controlling consideration. As indicated, the Congress, in section 5(11) of the Act, has expressly provided exemption from those statutory restrictions, in the national interest, for such transactions when they meet the standards set out in section 5. Under the terms of the Transportation Act of 1920, with a similar exemption, the unification of the Northern Lines was found by the Commission to be in the public interest ,and was approved in the *Acquisition case, supra.* But that authority was not exercised. Shortly thereafter, the Supreme Court of the United States had occasion to consider the subject of competing carriers. Cf. *N. Y. Central Securities Co.* v. *U. S.*, 287 U. S. 12 (1932). In defining the factors to be considered in determining the relationship of the proposed transaction to the public interest, the Court stated therein at page 25:

> The provisions now before us were among the additions made by the Transportation Act, 1920, and the term 'public interest' as thus used is not a concept without ascertainable criteria, but has direct relation to the adequacy of transportation service, to its essential conditions of economy and efficiency, and to appropriate provision and best use of transportation facilities * * *.

and at page 26:

> The question whether the acquisition of control in the case of competing carriers will aid in preventing an injurious waste and in securing more efficient transportation service is thus committed to the judgment of the administrative agency * * *.

In *McLean Trucking Co.* v. *U. S.*, 321 U. S. 67 (1944), the same Court upheld the Commission's approval of the merger of several motor trucking companies into Associated Transport, Inc., to form what the Court, at page 71 described as:

> "the largest single motor carrier in the United States —at least in terms of its estimated revenues—and no other single motor carrier will compete with it through its service area."

Therein the Court reviewed in some detail the relationship of the antitrust laws to section 5(2) of the Act and to the national transportation policy contained therein, and makes it clear that, although the Commission may authorize consolidation or unification which would run counter to the antitrust laws, it may not ignore or otherwise disregard the congressional policy expressed in antitrust legislation. It must weigh the advantages of the proposed unification against the disadvantages if the possible elimination or lessening of competition would occur. At page 87, it summarized the task of the Commission, as follows:

> In short, the Commission must estimate the scope and appraise the effects of the curtailment of competition which will result from the proposed consolidation and consider them along with the advantages of improved service, safer operation, lower cost, etc., to determine whether the consolidation will assist in effectuating the over-all transportation policy.

The principles enunciated in the last-cited case continued in full effect and apply also to transactions involving railroads. Cf. *Minneapolis & St. Louis R. Co.* v. *U. S.*, 361 U. S. 173 (1959).

The record here describing the limited extent of competition among the applicants, the continuation of rail competition after unification, and the growth and vast extent of competition from highway and other modes of transportation, in relation to the numerous benefits of unification, amply demonstrates that the transactions presented fully meet the standards of the Act. Continuation of the status quo, as urged by some interveners, and presumably intervener Justice is neither desirable nor sound, in view of the many difficulties facing the railroad industry. Significantly, most major businesses including the railroads, are today the products of growth by merger or acquisition. Not all have been wise, but in most cases the reason for such growth is a practical one; they had to grow in order to meet the requirements of an increasingly large, complex, and far-flung economy.

Intervener RLEA—Employees affected.

The estimated savings relating to the proposed mergers, lease, abandonments, changes in operation, pooling of facilities and equipment, and other benefits to the merged company, include substantial reductions in labor costs. Computed at July 1, 1960, levels, adjusted to reflect changes in freight rates, rates of pay, material costs, freight car costs, etc., after the fifth year of unification, payments to employees in wages and salaries, related payroll taxes, vacation and holiday pay, and health and welfare benefits would be reduced by $32,676,759 annually. The only significant change since that date is an increase in rates of pay and fringe benefits which became effective March 1, 1961, equivalent to a minimum of $121 per employee. Translated into positions available and employee assignments, the proposals would eliminate approximately 8,072 jobs, exclusive of 215 management employees who will remain in present locations and in addition would require 2,900 employees to change their present job location to other points where the merged company would operate, or a net change of 5,172 jobs, at the end of the fifth year following consummation.

As previously indicated, the disposition of the 5,172 jobs affected by states system-wide, is shown in appendix K-4.

The record shows that as operations are integrated through a five-year period an estimated 2,900 employees, whose jobs are eliminated, can continue uninterrupted employment by transfer to similar jobs created under the merger plan at other locations. In addition, during the same period, there will be an overall reduction of jobs presently requiring 5,172 employees. Of those employees, the great majority, approximately 4,260, or over 80 percent, can be re-employed by the merged company within one year, and at the same location, in jobs created by normal attrition. Similarly, another 908 can be re-employed within one year by transfer to jobs for which they are qualified at other points. Applicants contend the few remaining employees (32) can be re-employed not immediately, but prior to the expiration of the protective period specified. In their application, at hearing, and on brief, applicants agreed to accept for the protection of adversely affected employees conditions such as those prescribed in *New Orleans Passenger Terminal Case*, 267 I.C.C. 763, on further hearing 282 I.C.C. 271 (1952), as modified by those prescribed in the *Southern-Central* case, supra.

Applicants estimate that the cost of providing such protection to affected employees would total $4,961,728. The amounts expended in providing protection to adversely affected employees of applicants are chargeable to operating expenses, and thus would become a deduction in computing Federal income taxes. At the current tax rate of 52 percent, the cumulative reduction in income taxes would be $2,580,099, and the remaining $2,381,629 would be the merged company's net cost. The assumptions utilized by applicants in arriving at estimated cost of the employees' protection program have been discussed in connection with the consolidation study report.

The primary interest of intervener RLEA and its constituent member organizations [43] in the subject pro-

[43] American Railway Supervisors Association, American Train Dispatchers' Association, Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, Brotherhood of Maintenance of Way Employees, Brotherhood of Railroad Signal-

ceedings, relates to the potential effect upon the railroad employees involved. It opposes the applications on two principal grounds hereinafter discussed, but urges, if, after consideration of the interests of employees, the Commission approves the transactions as consistent with the public interest, on behalf of the employees of applicants and other railroads whose operations might be affected by diversion of their traffic and revenues, imposition of conditions adequate to protect employees adversely affected in regard to their employment and related rights.

RLEA apparently is not disposed to accept applicants' proposal that the conditions prescribed in *New Orleans Union Passenger Terminal Case, supra,* as modified in *Southern-Central, supra,* be imposed herein, and it requests alternatively imposition of specific conditions set out in appendix O-1. As proposed, the conditions are asserted to embrace provisions of the "Washington Agreement," dated May 21, 1936, entered into between the standard railway labor organizations and most Class 1 railroads, all as subsequently discussed.

Significantly, RLEA points out that the requested conditions do not contain any provisions for extension of protection beyond the four-year statutory period, and requests additional protection for employees who may be adversely affected by changes which occur during the third, fourth, or fifth year following the effective date of the Commission's order, by inclusion of a phrase "to

---

men, Brotherhood of Railroad Trainmen, Brotherhood of Railway and Steamship Clerks Freight Handlers Express and Station Employees, Brotherhood of Railway Carmen of America, Brotherhood of Sleeping Car Porters, Hotel and Restaurant Employees and Bartenders International Union, International Association of Machinists, International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths Forgers and Helpers, International Brotherhood of Electrical Workers, International Brotherhood of Firemen and Oilers, International Organization Masters Mates & Pilots of America, National Marine Engineers' Beneficial Association, Order of Railway Conductors and Brakemen, Railroad Yardmasters of America, Seafarers' International Union of North America, Sheet Metal Workers' International Association, Switchmen's Union of North America, and The Order of Railroad Telegraphers.

the effect if the total amount of compensation paid under the conditions is less than adversely affected, employees would have received under the Washington Agreement, applied from the date of adverse affect, then they are entitled to the remaining benefits that they would have received under the latter."

RLEA also suggests that in order to assure "fair and equitable protection" to the affected employees, imposition of the conditions set forth in appendix O-1 should be further limited as set forth in appendix O-2.

RLEA's evidence through 17 witnesses comprised that of representatives of the principal labor organizations concerned and a prominent economist. The labor representatives were concerned with the application of the proposal to each of his own limited segment of craft or interest, and offered illustrations of various alleged hardships that would befall employees if the unification were consummated.

RLEA's labor organization witnesses expressed numerous fears of increased unemployment in the railroad labor market and described practices which in some instances theoretically might happen, but which, on the basis of the sworn testimony of officers of applicants, extensively cross-examined, does not appear likely to happen. Much of their testimony includes unrealistic assumptions. For example, in every instance where jobs in a given craft are to be eliminated at a common point, the representative of Great Northern employees assumed all abolishments would be at the expense of Great Northern employees while the representative of Northern Pacific employees assumed just the opposite. While each assumption standing alone is theoretically possible, the representatives as a group thus described a situation where the total number of jobs to be eliminated is exactly twice the number estimated by applicants' consultants. With respect to jobs created at particular points, however, the treatment was quite different where they would open up or what is now the company whose employees were represented by the particular witness, it was assumed that employees from the other company would share the work; but where the openings would

occur on what is now the other company, it was assumed by the representative that his men would not participate at all. Thus, the distortion is compounded.

One of the factors which RLEA witnesses has been prone to emphasize is the possibility of "bumping". This may be described as a process of multiple dislocations where one employee, whose job is eliminated, exercises seniority to displace an employee junior to himself on the same roster, who in turn "bumps" some one else, and so on. From this, several of the representatives testified that a chain reaction of disclocations was likely to result from each job abolishment. Thus, one representative stated that the elimination of just 73 jobs would result in an "endless moving from one community to another" and that in fact "it is inconceivable that almost every employee in the system could be displaced." Such conclusions do not make sense.

That multiple transfers would be rare lies in the nature of the process itself. Except in cases of divisional or system seniority, when a job is eliminated at a given point, the "bumping" process occurs prior to actual abolishment, through an examination of the seniority roster, and the results in dismissal only of the employee with least seniority. Nor could there be any additional displacements when a junior employee is re-employed through attrition either locally or by transfer to another location.

The evidence offered through the economist was concerned primarily with his conclusions dealing with past performance of our national economy, evaluating it in terms of changes, in gross national product, employment and unemployment, used and unused plant capacity, etc. Other aspects involve an exploration of the historical position of the railroad industry, in part related to the subject proceedings, and his concept of "effective competition." The conclusions of the witness (1) that the potential growth of the country would absorb the existing plant and require extensive expansion of railroad plant and equipment to meet anticipated transportation growth and needs, (2) that increased national economic

growth affects all segments of the economy equally, and (3) that an increased capacity of railroad plant and equipment will increase the volume of railroad transportation, are acceptable and valid for the most part, since they are logical extensions of the premises. In the opinion of the hearing examiner, the premises are invalid: First, they are based on the erroneous concept that our national economic growth is the result of incremental increase in *all* sectors of an *existing* economic order; second, they fail to account for declining elements within a particular industry, although the industry as a whole is providing a growing amount of goods or services; third, they neglect the impact of derived demand [44] in the transportation industry; and finally, they assume that increased capacity for producing goods and services will necessarily result in increased demand for those same goods and services. With respect to effective competition, RLEA's witness acknowledges that the principal of promoting competition cannot be applied to regulated industries vested with a national interest in exactly the same way or manner that it is applied and should be applied to other businesses, but if not outweighed by other considerations, the maintenance of competition on the railroads is desirable and its serious diminution is undesirable.

RLEA's opposition generally is predicated on the contentions (1) that applicants have failed to make a clear and strong showing of public gain from the proposed unification and (2) that the unification "will not only result in no public gain but will do positive injury to the public interest." Moreover, it contends that the adverse

---

[44] Transportation, like many service industries, is one of derived demand. Consequently, shippers can maintain investment in private transportation facilities at a minimum, or eliminate them entirely, if several alternate transportation modes are available to the plant. In times of heavy demand for their product, they can readily employ these transportation services if available. The employment or utilization of these services, however, is not dependent solely upon availability, but upon the character of the service—whether it is rapid, economical and dependable. The mere existence of rail service is no assurance that it meets needs or is used.

effect on employees involved, their families and the communities in which they live is sufficient to warrant disapproval of the proposed unification, and when coupled with other adverse effects, warrants denial of the applications as not consistent with the public interest. It argues that this would be no merger of the weak with the weak, or the strong with the weak, but a three-way merger of the strong with the mighty; that the excess capacity of applicants would be increased rather than reduced as a result of unification; that applicants have failed to show that merger would serve any public good; that applicants' case is speculative in nature; that unification would adversely affect other carriers through diversion of operating revenues, and that injury to other carriers apart from the effect of such injury upon the general public interest means that employees on those railroads will be adversely affected, as a consequence of which the adverse effect upon employees is not and cannot be limited solely to applicant carriers, and that protection must be afforded employees of all carriers affected by the proposed unification.

Cited as significant factors warranting consideration herein are the drastic reductions of employment forces in the railroad industry from 1,200,000 in 1953 to approximately 700,000 currently, and the great wealth and viability of the applicant carriers. It points out that the interests of employees in merger proceedings are subject to evaluation in two distinct categories: (1), under section 5(2)(c) before a merger or other transaction under section 5 is approved, and (2), under section 5(2)(f), and that evaluation of the interests of employees under the latter can be made only if the merger or other transaction under section 5 is found to be consistent with the public interest *after* the Commission "specifically gives consideration to the interests of employees." It argues that if the employees' interest and other factors show the transaction is not consistent with the public interest, the application should be denied as failing to met the test of section 5(2)(c) of the Act.

citing *Forth Worth & D. C. Ry. Co. Lease*, 247 I.C.C. 119 (127) (1941).[45]

In respect of RLEA's argument that applicants have failed to make a clear and strong showing of public gain from the proposal, it is appropriate to cite the Commission's remarks to the same argument advanced in the *Southern-Central* case, wherein it was stated:

> The Association [RLEA] takes exception to the failure of the examiner to find that the applicant, to gain approval, must make a "clear and strong showing of public gain" from the transaction, and that it has failed to do so. The test for approval of a transaction under section 5(2) is whether it will be consistent with the public interest". This term has been construed to mean not contradictory or hostile to the public interest. *Merchant's Dispatch, Inc.—Purchase—Smathers*, 25 M.C.C. 407, 409. Nevertheless, we are of the opinion that the evidence clearly establishes that the transaction will promote the public interest concerned with the preservation and maintenance of an adequate transportation system.

A similar conclusion is warranted herein, and RLEA's argument is without merit.

RLEA justifies its opposition primarily upon the premise that because applicant railroads, principally Great Northern, Northern Pacific, and Burlington have enjoyed profitable operations over the years, there is no sufficient public need for the improvements and efficiencies which applicants desire to institute. RLEA fails to

---

[45] That case does not support the contention that denial is warranted because of adverse effect upon employees. Denial therein was based, in part, on a conclusion that the future of employees would be uncertain, but that uncertainty stemmed from the financial condition of the railroads involved. The only justification for the lease was alleged economies, which the Commission found were "uncertain and problematical," and that the real purpose of the transaction was to prevent or delay reorganization of lessor, which delay had not been shown to be in the public interest; contrariwise, approval likely would disable the lessee railroad from continuing as a separate property in the event of bankruptcy of lessor.

consider or gives little credence to the fact that the efforts of applicants and other railroads in fostering unifications and similar transactions under section 5 of the Act are primarily designed to inaugurate and promote efficiencies, economies and improvements in their operations, looking toward stability, and that betterment and advancement of railroads as significantly important segments of the business economy and as employers are likewise promoted. Moreover, it ignores the language of the Act which encourages carriers towards the establishment of efficiencies and economies in pursuance of the national transportation policy.

The record amply demonstrates the deteriorating position of the railroad industry generally and its effect on applicant railroads in particular. While the principal applicant railroads are now financially sound, the record shows their experience in the squeeze between traffic losses to other modes of transportation and rising costs (not the least of which relates to labor) is directly and clearly reflected in the decline of railroad employment since World War II, and applicants have demonstrated that unless they are allowed to stabilize their position through unification, there is every reason to believe the declining trend will continue.

In *Louisville & Nashville Railroad Co. Merger*, supra. at page 501, the Commission stated:

> [T]he application herein should not be denied because some employees will be adversely affected in the event the merger is consummated.

That position was reaffirmed in *Southern-Central case, supra*, wherein the Commission stated:

> [I]t would not be in the public interest or compatible with the national transportation policy to deny the authority sought in order to prevent modernization of Central's facilities and the possible loss of jobs incidental thereto. A freeze on progress in the railroad industry, through technological improvements or otherwise affords no solution to the problems of the industry or its employees.

Turning now to the contentions dealing with applicant railroads' financial position, it was stated in *Seaboard Air Line Railroad Company—Merger—Atlantic Coast Line Railroad Company*, 320 I.C.C. 122, herein called the *Seaboard Coastline* case, decided December 2, 1963:

> There, however, is no provision in the act which expressly or by implication prohibits the merger of financially strong railroads. The act draws no distinction as between the strong and the weak, or between competitive and non-competitive railroads. There is no requirement either in the statute or judicial precedent which limits the Commission's authority to approve merger to those involving carriers which are insolvent or on the brink of bankruptcy. See *Norfolk & W. R. Co. Merger*, 295 I.C.C. 457. Under the act the primary test in whether the proposed merger will be consistent with the public interest under the standards prescribed by section 5(2)(c), and otherwise meets the test of justice and reasonableness.

No different conclusion is warranted on this record.

While RLEA cites as significant the reductions in railroad employment in recent years (from 1,276,000 in 1951 to 717,543 in 1961, or approximately 500,000 since 1951) it is pertinent to point out that the total employment of Great Northern, Northern Pacific, Burlington and SP&S declined from 89,824 in 1951 to 59,413 in 1961 due to the declining traffic and economic position of the carriers and the industry in general. That does not alter the fact that applicant railroads have conducted profitable operations, but it shows all too clearly a decline in the economics of railroading in the area. The future of all the employees of the respective railroads is far from favorable unless the declining tend of employment can be halted and stabilized.

RLEA expresses no concern for the many thousands of railroad employees who were separated from railroad service without the minimum protection available under section 5 of the Act, or for others who may similarly be deprived of employment in the future unless there de-

velops some forces or views which would enable the railroads to improve their competitive position in transportation and grow with the economy rather than decline. A realistic view on the employment question was express in *Norfolk & Western Railway Co. Merger*, 307 I.C.C. 401, where at page 428 (1959) the Commission stated:

> In our opinion, the merger will be in the interest of employees of both roads, since in the last analysis railroad employment is directly dependent on the volume of traffic handled. A stronger unified railroad would be in a much better position to develop new traffic than either the [applicants] . . . . . is separately. With heavier and more diversified traffic for the combined system, employment opportunities should be stabilized and increased.

It is conceded by applicants that a number of jobs held by employees, principally those of Great Northern and Northern Pacific (although employees of other applicants, except New Company would also be affected) would become superfluous in the event of approval of the unification proposed herein. However, under the protective conditions proposed by applicants, unification can be accomplished with virtually no discharge of present employees, as has previously been discussed.

RLEA argues that the subject merger proceedings are the first of the "torrent of major railroad merger cases" in which the employee adverse effect (to the extent to which it can be determined) has been detailed of record, but it questions the estimates. However, it is recognized that the number of jobs expected to be affected by the proposed unification is a matter under the control of applicants and concerning which its officers and consultants made estimates involving the most detailed disclosure, supported by voluminous underlying data at the public hearings herein, and they withstood lengthy and rigorous cross-examination by all interested parties. The hearing examiner, after lengthy study and analysis rejects RLEA's argument of speculation and accepts the applicants' estimates as substantially correct.

RLEA on brief points out correctly that the number of employees affected would exceed the number of jobs abolished, because of the so-called "bumping" process under which, through exercise of seniority rights established by collective bargaining agreements, an employee whose position is abolished may displace another, who in turn, displaces an employee junior on the seniority roster, and so forth, but as previously indicated, those affected through the "bumping" process would not reach the astronomical proportions envisioned by RLEA representatives.

Unfortunately, approval of the proposed unification will undoubtedly have some adverse effects upon many railroad employees and their families, but the evidence, however, is not persuasive that the adverse effects will be as severe as RLEA contends, nor does the evidence warrant denial for that reason. Thus, the hearing examiner cannot find on this record that the possible adverse effect upon employees alone, or together with other possible adverse effects of the proposed unification, outweighs the numerous public benefits which will obviously flow from the proposed unification if effectuated. Further, in addition to the many public benefits described, unification should permit of greater job security and improved conditions of employment for the employees of the merged lines. Compare *Louisville & N. R. Co. Merger*, supra. See also *Brotherhood of Maintenance of Way Employees* v. *United States*, Civil Action 23,487 (E.D. Mich.) dated August 7, 1963. In the last mentioned case, the Court at pages 21-22 of its opinion stated:

> It is to be observed that the merger of railroads and unification of their operations will inevitable entail some loss of employees' jobs, but the congressional policy recognizes that it is essential to saving our great transportation system that there be mergers and unifications to accomplish economies and the removal of duplication and unnecessary expense. The accomplishment of this purpose must inevitably have an impact upon the railroad employees. Recognition of this was what prompted Congress to require that no approval should be granted unless provision be

made for protection of displaced employees. It is recognized that even though there will be some immediate hurt to railroad employees in the approval of mergers and affiliations, railroad employees, as well as all members of the public, will in the long run find more and better opportunities if the country's total economic health is protected.

RLEA's argument that unification will result in added unemployment on those railroads from which traffic and revenues may be diverted and that the adverse effect upon employees is not and cannot be limited to applicant carriers is not supported by the record. Similar arguments have been rejected by the Commission in numerous cases subsequent to *Baltimore & Ohio Railroad Co. Operation*, 261 I.C.C. 615, to and including *Southern-Central*, supra. This has been true whether the other carriers, for whose employees protection is sought are trunk railroads, terminal companies, or belt or transfer lines. Where reference is made in section 5(2)(f)[46] requiring protection for "employees of the carrier or carriers by railroad affected by such order" the railroads thus "affected" as that term is used, include, and are limited to, applicants and any other carrier which might be a direct participant in the transaction for which approval is sought. In *Southern-*

[46] Which provides: "(f) As a condition of its approval under this paragraph (2), of any transaction involving a carrier or carriers by railroad subject to the provisions of this part, the Commission shall require a fair and equitable arrangement to protect the interests of the railroad employees affected. In its order of approval the Commission shall include terms and conditions providing that during the period of four years from the effective date of such order such transaction will not result in employees of the carrier or carriers by railroad affected by such order being in a worse position with respect to their employment, except that the protection afforded to any employee pursuant to this sentence shall not be required to continue for a longer period, following the effective date of such order, than the period during which such employee was in the employ of such carrier or carriers prior to the effective date of such order. Notwithstanding any other provisions of this Act, an agreement pertaining to the protection of the interests of said employees may hereafter be entered into by any carrier or carriers by railroad and the duly authorized representatives or its or their employees." 54 Stat. 906.

Central, supra, wherein that issue was raised, the Commission stated:

> Assuming that we have the power to impose conditions for the protection of employees of carriers not directly involved in a transaction before us, in our opinion, it would be inequitable and contrary to the public interest for us to do so in situations like that presented here. It is just that the cost of a reasonable plan for the protection of employees of carriers participating in a unification be a charge against the savings obtainable from the unification. However, aside from the impracticability of determining whether a transaction is the proximate cause of claimed injurious effects sustained by employees of other carriers, it would be unjust and unreasonable, would discourage unification in the public interest, and would stifle normal competition if the participants in a transaction were required to indemnify employees of competing carriers from possible adverse effects suffered by reason of losses of business by their employer.

In *Seaboard-Coastline, supra*, that question was further discussed, wherein the Commission stated:

> It is recognized that under certain circumstances employee protective benefits may be provided for employees regardless of whether their employer is a carrier directly involved in the transaction. Any determination as to whether employees are 'affected' within the meaning of section 5(2)(f) would depend upon the proximity or relationship of such employees to or with the transaction, and this, in turn, would hinge upon the closeness of the relationship or affiliation between the carrier or carriers directly involved in the transaction and the carrier or carriers outside the transaction whose employees are adversely affected. Thus, the close-knit relationship between the carrier directly involved in the transaction and the carrier outside the transaction may be such as to involve the latter carrier in the transaction re-

> gardless of whether it is an applicant or a party intervener in the proceeding. Under such circumstances, affected employees of the carrier outside the transaction would appear to be entitled to protection because of their close proximity to the transaction. No such circumstances have been presented here, and thus there appears to be no basis for extending the protection to all affected employees as requested by the Association [RLEA].

A similar conclusion is warranted herein.

It is appropriate to discuss some of the matters which historically have guided (1) labor organizations and the railroads in the establishment of some workable means to adjust differences arising in regard to the protection of employees, and (2) the Commission in assuring protection for employees in those instances covered by statute.

The Emergency Railroad Transportation Act of 1933 "contemplated extensive railroad consolidations." *Brotherhood of Maintenance of Way Employees* v. *United States*, 336 U.C. 169, 173 (1961). That statute had, for the first time, included provisions for employee protection, but it was temporary legislation scheduled to expire June 16, 1936. At that time the railroads generally remained in financial distress as a result of the depression of the early thirties, and interested parties on all sides recognized the desirability and necessity of various courses of action, including merger, to improve and stabilize the industry's position. Negotiations for employment protection thus ensued between the labor organizations and most of the Class I railroads.

On May 21, 1963, the standard railway labor organizations and most Class I railroads (including Burlington, Great Northern, Northern Pacific and SP&S) executed what is known as the "Washington Agreement" for the protection of labor in railroad mergers and consolidations. That agreement represented a milestone in labor-management relations. The protection thus afforded employees was, and remains to this day, unique in all American industry.

In summary, the Washington Agreement provides that if unification forces an employee to take a lower-paying

job he is entitled to a "displacement allowance" for a period of five years from the date he is affected, that allowance being equal to the difference in compensation between his old and new positions (Section 6). If an employee is deprived of employment (referred to herein as a "dismissal"), he receives an allowance equal to 60 percent of the compensation he was receiving prior to dismissal, which allowance continues for a period of up to five years after his dismissal with the actual time dependent on the employee's length of service (Section 7). In addition, the agreement specifically protects fringe benefits (Section 8); and it provides for payment by the carrier of moving expenses, wages lost and any loss incurred on the sale of a home or cancellation of a lease in connection with transfers made necessary by the unification (Sections 10, 11). Alternatively, a dismissed employee may resign on the date of dismissal and "in lieu of all other benefits and protections provided in this agreement" accept a lump sum settlement the amount of which, again, is determined by his length of service (Section 9). Other important sections require 90 days' notice to affected employees before coordinations and work changes are put into effect, and conferences with employees regarding the application of terms of the agreement and arbitration in the event of failure (Sections 4 and 5).

Despite the liberal and extensive benefits thus provided RLEA would minimize the importance of that agreement. It contends the provisions of the Washington Agreement were fashioned for application to piecemeal coordination of railroad facilities, and cannot be compared with total mergers of entire railroad corporations either in scope of in effects to employees. Further, it contends that coordinations do not affect the industry or the nation, that mergers can and those of the magnitude now before this Commission will affect the industry and the nation, and thus a new formula of employee conditions must be forged to meet the challenge and the problems which were never dreamed of in 1936. Such a view of the Washington Agreement is not consistent with the contemplations of the parties when that agreement was executed in 1936.

Section 2 of the Washington Agreement defined what it had been drafted to cover, that is, "joint action by two or more carriers whereby they unify, consolidate, merge or pool in whole or in part their separate railroad facilities . . ." Thus the Agreement was not limited to coordinations (as that word is normally understood) either piecemeal or otherwise, but was specifically designed for application in unifications identical in nature to the subject proceedings. In *New Orleans Union Passenger Terminal Case, supra,* wherein conditions which have come to be known as the "New Orleans" conditions were imposed, it is stated:

> The employee groups [referring to RLEA] point out that the Washington Agreement by stipulation has been accepted by railroad carriers as a fair and equitable arrangement for the protections of employees in more than 30 cases in which section 5(2) authorization was required.

Thus, it appears that the agreement represents today, as it did in 1936, not only a liberal but workable arrangement for the protection of employees affected by merger or consolidation.

When the Transportation Act of 1940 was enacted Congress once more included specific provisions for employee protection (section 5(2)(f)) thus codifying the policy accepted by the parties in the Washington Agreement. In *Oklahoma Railway Co. Trustees Abandonment,* 257 I.C.C. 177, at pages 197-200 (1944) conditions were prescribed which have come to be known as "Oklahoma" conditions, which, patterned after the Washington Agreement, provide both displacement and dismissal allowances. As to each, payment is made for a period of four years extending from the Commission's order, except that an employee with less than four years' service is paid for a period equal to his length of service. The dismissal allowance is equal to the employee's compensation prior to dismissal, instead of being 60 percent of that amount as under the Washington Agreement. Those conditions were specifically found to constitute a fair and equitable arrangement for the protection of employees in the last men-

tioned case, and have been imposed in a number of cases since. See *Norfolk & Western Railway Co. Merger, supra,* and *Chicago & N. W. Ry. Co. Purchase, Minneapolis & St. L. Ry. Co.,* 312 I.C.C. 285.

Beginning with *New Orleans Passenger Terminal Case, supra,* wherein there were involved numerous issues and proposals, including the construction, acquisition and abandonment of lines, all incident to the construction and operation of a union passenger terminal facility, the pertinent provisions of the Washington Agreement and the "Oklahoma" conditions were reviewed and the major differences discussed, conditions were imposed in certain cases in order to insure full protection for employees who may not be affected until several years after the transaction had been approved. Under the so-called "New Orleans" conditions (the Washington Agreement being applied as the basic vehicle for employee protection) any employee displaced or dismissed within four years received as a minimum the protection afforded by the "Oklahoma" conditions; then, if he has received thereunder total dismissal or displacement compensation which is less than what he would have received under the Washington Agreement, he is entitled to continued benefits under the terms of the Washington Agreement until the difference has been paid him.

Stated another way, under the "New Orleans" conditions the employee has the benefit of both the Washington Agreement and the "Oklahoma" conditions, but cannot receive less than the protections afforded in the "Oklahoma" conditions. From a compensation standpoint, the "Oklahoma" conditions provide four years' complete protection from the effective date of the order except that an employee with less than four years' service is given compensation for the length of his previous service, and the Washington Agreement provides, if affected within five years from the coordination date, a maximum of 60 percent wage protection from the date he is adversely affected for a specific number of months depending upon the length of service. If adverse effect is not suffered by an employee until three or four years after the effective date of the order so that he would receive little or nothing

under the "Oklahoma" conditions, he may still be within the period permitting full benefits under the Washington Agreement. However, he cannot receive any of the benefits twice.

Thus, both the "Oklahoma" and "New Orleans" conditions modify in minor respects the Washington Agreement by reducing dismissal allowances to the extent an employee may receive wages from any other employment. The agreement had limited this reduction to reflect only wages from other railroad employment, a provision which has not had the approval of this Commission.

Moreover, not only is the employee guaranteed an allowance fully equal to what his wages or salary had been as provided by the "Oklahoma" conditions, but the period during which allowances are payable is extended beyond four years in accordance with the Washington Agreement.

Since their adoption in 1952, no changes have been made in the "New Orleans" conditions until the decision in *Southern-Central, supra*, wherein the Commission clarified the "New Orleans" conditions and adopted an arbitration clause which makes mandatory the submission to binding arbitration of disputes not settled by agreement.

In all of the cases involving unification or control arising under section 5(2) of the Act, conditions as set forth in *New Orleans Union Passenger Terminal Case, supra*, or as restated in *Southern-Central, supra*, represent the high water mark in conditions imposed on the carrier for employee protection. Applicants herein have expressed their willingness to accord just such protection.

RLEA argues correctly that the governing statute, section 5(2)(f) of the Act, contains two requirements which must be considered by the Commission in passing upon a unification proposal under section 5 of the Act; (1) imposition of a fair and equitable arrangement; and (2) as a minimum protection of any such arrangement, conditions which provide that for a period of four years following Commission approval of such a transaction, or for a lesser period equal to an employee's length of service if less than four years, employees of "carriers by railroad affected" shall not be placed in a worse position with respect to their employment. It asserts the minimum protection is described in the statute as protection against being

placed "in a worse position with respect to employment," but that although this minimum protection does not require a railroad to retain an employee in an active job, it does require an employee to be protected in the "various incidents of employment."

RLEA contends that certain fringe benefits or "incidents of railroad employment" to which an employee is entitled are not adequately protected by the "New Orleans" conditions in that the wording of the latter conditions, based as they are upon the Washington Agreement, does not afford the protection required by statute. In *Southern-Central, supra,* wherein the argument was raised, the Commission stated (at page 17):

> The association [RLEA] contends that certain 'incidents' of employment are not adequately protected by the *Oklahoma* or *New Orleans* conditions. Specific reference is made to hospitalization, medical-surgical care, life insurance, and vacation rights. We do not agree. In our opinion, employees are fully and adequately protected with respect to these so-called incidents of employment, or fringe benefits, by paragraph 6 of the Oklahoma conditions, to which benefits an employee is entitled under the New Orleans conditions.[4]

In footnote 4 to *Southern-Central, supra,* it was indicated that paragraph 4 or article I of the conditions therein prescribed and paragraph 6 of the "Oklahoma" conditions were identical. RLEA argues that the paragraph 6 of the "Oklahoma" conditions because of its general language has never been an effective condition and is wholly ineffective here where the use of the term "on his home road" is used as that term is meaningless in proceedings of this nature where the home roads each are legally dissolved upon consummation of the transaction, and recommends adoption of its conditions 4 and 5, which it considers would answer simply the problems presented. RLEA overlooks the factor of legal responsibility of the carrier survivor in proceedings involving merger and consolidation. It attaches great significance to "home road" and assumes that it is the old "home road." The surviving carrier

comes within the term "home road" for it is the employee's "home road" upon consummation. It is obvious that RLEA seeks herein a greater liberalization of the conditions with respect to "incidents" of employment or fringe benefits. If imposed herein such conditions would broaden the scope of protection heretofore provided and would increase the cost to the carriers. Similar requests were rejected and for the same reason in *Southern-Central, supra.*

Further, RLEA contends that another minimum protection required by section 5(2)(f) is that *all* employees affected as a result of the transaction be protected, and that where an employee's claim is contested by his railroad some means must be provided whereby the validity of the claim can be resolved. It contends that the procedures contemplating arbitration of disputes in respect of claims arising by virtue of certain conditions set forth in the "New Orleans" conditions are totally inadequate for the settlement of disputes in that they contain two methods of arbitration—one under condition 8 of the "Oklahoma" conditions and another under section 13 of the Washington Agreement, and seeks modification of that condition which would place on the carrier the burden of proof in all such arbitration:

> . . . . . the employees shall have the burden of establishing a *prima facie* case. The carrier then shall have the burden of proving that the employee was affected as the result of circumstances unconnected with the transaction.

While applicants do not agree that such an amendment to the "New Orleans" conditions is either necessary or desirable, they do agree that their employees adversely affected by these mergers and unifications are entitled to protection, and assert that the implication of bad faith on the part of the railroads is unwarranted by the facts of record. Assigning the "burden of proof" to either party is contrary to the basic theory of binding arbitration. In *Southern-Central, supra,* the Commission refused to adopt the provision set forth above. In so doing, it said:

> In our opinion, such provision is unnecessary and would make more complicated, rather than simplify, the task of an arbitration committee. An arbitration committee is not bound by the strict rules of evidence, and we are of the view that the procedure to be followed by it, in arriving at a just conclusion as to the merits of a particular claim, may be left to its determination in the light of the circumstances surrounding the claim in dispute. It may call upon either party to produce relevant data within such party's knowledge or possession.

RLEA urges three prerequisites set forth in appendix O-2, which it contends should be imposed as a "fair and equitable" arrangement for employees in cases arising under section 5(2)(f). It suggests a radical departure from the long-established procedures involving compensatory protection. Under RLEA's proposal, where "no employee of the predecessor carriers who was actively employed on the date of the filing of the application shall be deprived of employment or placed in a worse position with respect to compensation at anytime during his employment because of the merger approved herein or because of any program of economies resulting from the merger, "jobs may be eliminated only through attrition, the surviving carrier would be required to retain an employee in his job (even though the position has become wholly superfluous after merger) unless and until attrition removes that particular employee or opens up another job which he can fill.

Applicants oppose RLEA's suggested "attrition conditions", as being of the same character as a job freeze, indicating that RLEA's scheme presents numerous difficulties from a practical standpoint in that, for example, attrition tends to work at a uniform rate throughout the system, whereas joint facility changes contemplate relatively large scale job abolishments at one time and at particular points. Moreover, most of the affected personnel will be out of work for a period of time, the length of which will vary considerably among different crafts and among employees of the same craft. Attrition does not work in a uniform or predictable manner. In *Maintenance*

of Way Employees v. *United States*, 366 U.S. 169, 178, that Court said:

> "Attrition does not work in a uniform or predictable manner and there is no indication that the elimination of surplus posts can be accomplished in the manner appellants [the labor organizations] suggest; . . . ."

RLEA first advanced the proposal of an "attrition condition" in *Erie R. Co. Merger*, 312 I.C.C. 196, contending there that such protection was required as a matter of law under section 5(2)(f). The argument was rejected by the Supreme Court in *Maintenance of Way Employees* v. *United States*, *supra*, wherein the Court affirmed the Commission's position.

In *Seaboard-Coastline*, *supra*, wherein RLEA urged imposition of similar "attrition" conditions, the Commission in rejecting the request stated:

> In effect, these conditions would provide that (a) upon the effective date of our order the merged company would take into its employment all employees of the merging carriers and (b) no employee who was actively employed by either of the merging carriers on the filing date of the application would be deprived of employment or placed in a worse position with respect to compensation because of the merger. The decision of the Supreme Court in *Maintenance Employees* v. *U. S.*, 366 U.S. 169, makes it indisputably clear that we have no mandate to impose attrition conditions for employee protection. * * * We are unable to conclude that conditions requiring the retention of unnecessary employees in unnecessary positions would be consistent with the public interest or sound business policy. The imposition of such conditions would unduly restrict carriers in the establishment of more economical operations, and would be in conflict with the objectives of the national transportation policy. See *Erie R. Co. Merger*, *supra*, 312 I.C.C. at 196; *Southern Ry. Co.—Control—Central of Georgia Ry. Co.*, *supra*, 317 I.C.C. at 565; *Chesa-*

peake & O Ry. Co.—Control—Baltimore & O. R. Co., supra.

No different conclusion is warranted on this record. RLEA's request should be denied.

In addition to this untenable idea of job freeze, RLEA requests the specific conditions which it asserts are designed to meet the deficiencies in the "New Orleans" conditions, and which it describes as a combination of the Washington Agreement and the "Oklahoma" conditions, with some modification. Those deal with RLEA's concept of 'incidents' of employment as previously described. Those conditions are similar to those which RLEA sought unsuccessfully in *Seaboard-Coastline, supra, Southern-Central, supra,* and *Chesapeake & O. Ry. Co.—Control—Baltimore & O. R. Co.,* 317 I.C.C 261, herein called the *C&O-B&O Control* case, and were rejected. A similar conclusion is warranted herein.

Citing an instance of alleged delay in one recent proceeding RLEA urges that such a procedure should be corrected by a provision for but one arbitration and that compulsory on both parties. Applicants take no issue with that request and agree that arbitration should be compulsory. Fairness and equity require adoption as herein recommended, of condition in respect of arbitration, which will make mandatory the submission to binding arbitration of disputes not settled by agreement between the carrier and the employees.

However, applicants contemplate that upon approval of the transactions to immediately begin integrating the properties, in accordance with the timetable outlined of record and under the procedures set forth in section 4 of the Washington Agreement. The proposed timetable assumes cooperation of labor to the extent necessary in arranging for the selection and assignment of employees to jobs in the integrated operation, and it is obvious that such cooperation should follow from the imposition of employee protection, which is based on an idea of reciprocity. Compare *Baltimore and Ohio Railroad Co. Operation, supra.* Applicants express concern that if the transaction is approved labor will not cooperate in negotiating agreements of the type contemplated by section

5 of the Washington Agreement, citing *Chicago, St. Paul, Minneapolis & Omaha Railway Company Lease*, 295 I.C.C. 696, and others. They request that since agreements of that kind may prove necessary, the Commission make clear in its order that any disputes of that nature should be subject to arbitration so as to assure that the contemplated economies and improvements in service herein discussed can be achieved without undue delay. Accordingly, applicants request imposition of the conditions prescribed in *Southern-Central, supra*, with paragraph 6 of those conditions amended so as to restate the principal contained in section 5 of the Washington Agreement by inserting in paragraph 6 therein a second sentence, as follows: "The term 'protection afforded by these conditions' as used in this paragraph, includes without limitation the selection of forces and assignment of employees arising from the transaction." In substance it seeks broadening of the arbitration clause covered thereby to encompass matters other than disputes relating to benefits to employees. Section 5 of the Washington Agreement provides a means of settling the disputes involving that subject matter by resorting to the procedures set forth in section 13 of the Washington Agreement. Section 4 thereof prescribes the period of notice. It appears that what applicants really seek to accomplish is a reduction of the period of notice (90 days) required by section 4 of the Washington Agreement. If such a modification were authorized it would have the effect of nullifying a major benefit to employees contained in a private agreement between their representatives and the carriers. The hearing examiner cannot agree that applicants accommodation above is either fair or equitable and the request should be rejected.

In the Commission's supplemental report in *Southern-Central, supra*, (decided February 17, 1964), it concluded that, as stated in the first report therein, the protection afforded by the "New Orleans" conditions will be fair and equitable and it thereby incorporated all the provisions of the "New Orleans" conditions, which embraced the provisions of the Washington Agreement, ex-

cept as specifically modified in the appendix (II) to that report stating in reference to the Washington Agreement:

> . . . . except as we have specifically done so (as, for example, section 2 of Article II of Appendix II to our original report in this proceeding) we have not in this or in any prior proceeding superseded in any way that Agreement as a private contract.

Employee protective conditions the same as those prescribed in *New Orleans Passenger Terminal case, supra,* as modified in *Southern-Central case, supra,* and subsequently applied in *C&O-B&O Control case, supra,* and *Seaboard-Coastline case, supra,* would fully comply with the statutory standards requiring fair and equitable arrangements to protect the interests of railroad employees of applicants and their subsidiaries who may be adversely affected as a result of the transaction herein, and nothing contained in the arguments of RLEA disproves the adequacy of such conditions in terms of employment or compensation, which are without significance if not coupled together.

In lieu of the protective conditions recommended by RLEA, which are rejected, the hearing examiner concludes that a fair and equitable arrangement for protecting the interests of employees of applicants and their subsidiaries who may be adversely affected as a result of the transactions authorized herein will be provided by imposing the condition set forth in *New Orleans Passenger Terminal case, supra,* as modified in *Southern-Central case, supra,* and subsequently applied in *C&O-B&O Control case, supra,* and *Seaboard-Coastline case, supra,* and the findings herein are predicated on the imposition of such conditions. The protection thus afforded by the conditions recommended will more than meet the minimum requirements of section 5(2)(f).

Imposition of specific conditions for the protection of affected employees is not to be construed as precluding the applicants and RLEA from arriving by negotiation at any other mutually satisfactory arrangements under the last proviso of section 5(2)(f). If at any time prior

to the statutory consummation of the unification herein, an arrangement is amicably reached by applicants and representatives of the employees; upon request, that agreement would be acceptable for imposition insofar as they extend to employees represented by the organizations which sign the agreement. Likewise, should there be an agreement upon the terms of a practical arrangement in lieu of the arbitration conditions included herein; upon request, any suitable provision in this regard should be considered for adoption by the Commission.

GENERAL DISCUSSION AND CONCLUSIONS

Applicable standards.

The authority of the Commission to approve and enable applicants to effectuate the proposed unification, as set out in paragraphs (2) and (11) of section 5 of the Act, is exclusive and plenary.

The purpose of section 5(2) is to foster and provide for the voluntary union of carriers into a sound and adequate national transportation system. *County of Marin* v. *United States, supra.* Transactions such as involved herein must be considered in the light of the National Transportation Policy, as declared in the Act. Cf. *Detroit, T. & I. R. Co. Control,* 275 I.C.C. 455 (1950); *Spokane International R. Co. Control,* 295 I.C.C. 425 (1956); *St. Joe Paper Co.* v. *Atlantic Coast Line R. Co.,* 347 U. S. 298, 315 (1954), and *Seaboard-Coast Line case, supra.*

Subparagraph (a) of paragraph (2) of section 5 provides that it shall be unlawful, with approval and authorization of the Commission,

> "(i) for two or more carriers to consolidate or merge their properties or franchises, or any part thereof, into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership; or for any carrier, or two or more carriers jointly, to purchase lease or contract to operate the properties, or any part thereof, of another; or for any carrier, or two or more

carriers jointly, to acquire control of another through ownership of its stock or otherwise; or for a person which is not a carrier to acquire control of two or more carriers through ownership of their stock or otherwise; or for a person which is not a carrier and which has control of one or more carriers to acquire control of another carrier through ownership of its stock or otherwise; * * *."

Under the first clause of that provision, Great Northern, Northern Pacific, Pacific Coast and Burlington seek authority to merge their properties and franchises into New Company. The merging corporations are carriers within the meaning of section 5. New Company would not be a carrier within the meaning of that section until the Northern Lines merger transaction is consummated.

The first clause of section 5(2)(a)(i) does not require the corporation into which the properties and franchises of two or more carriers are consolidated or merged to be itself a carrier. Compare *New York Central Railroad Company (Del.)—Merger, Etc.—New York Central Railroad Company*, 312 I.C.C. 417.

The Northern Lines merger agreement is in conventional form to effect a statutory merger under Delaware law. New Company, organized in Delaware to become the surviving corporation, is now a subsidiary of Great Northern and Northern Pacific and would remain so until the Northern Lines merger is effected, whereupon it would become the corporate successor of Great Northern, Northern Pacific and Pacific Coast, all of which would cease to exist as separate corporations. Their properties and franchises would pass to New Company by operation of law without any conveyance other than the merger agreement. New Company's stockholders would be the former stockholders of Great Northern and Northern Pacific, and the presently outstanding shares of New Company and Pacific Coast would be retired and cancelled. Meanwhile, New Company may not lawfully acquire any control over the capital stock of the merging corporations, or any control or dominion over their properties and franchises until the Northern Lines merger becomes effective.

New Company, as a party to the Northern Lines merger agreement, if the transaction is consummated, would acquire the properties and franchises by operation of law. It could not acquire control of the same properties and franchises or of the stock of the corporations owning them prior to merger. As one of the applicants New Company seeks authority to acquire the properties and franchises, not by control but by corporate merger.

Since the Northern Lines merger transaction would precede the Burlington merger transaction, New Company, as successor to Great Northern, Northern Pacific and Pacific Coast, would itself then be a carrier when the second, or Burlington merger transaction, is consummated even though not required under the first clause of the above-quoted statutory provision.

The second clause of section 5(2)(a)(i) provides that it shall be lawful, with the approval and authorization of the Commission,

> "for any carrier * * * to * * * lease * * * the properties * * * of another;"

That provision is applicable to the SP&S lease transaction. SP&S is not an applicant with respect to the lease, as section 5 requires approval only of the lessee's acquisition of the SP&S properties by means of lease. When the lease is entered into New Company would have become a carrier as a result of the Northern Lines merger transaction having become effective.

Subparagraph (b) of paragraph (2) of section 5 authorizes the Commission to approve proposed transactions involving unifications and related transactions which proposals must originate voluntarily with the carriers, "if it finds that, subject to such terms and conditions and such modification as it shall find to be just and reasonable, the proposed transaction is within the scope of subparagraph (a) and will be consistent with the public interest." In determining whether a transaction proposed will be consistent with the public interest, the Commission is guided by factors of statute and those

determined relevant and significant by subsequent decisions of the Commission and the Courts.

Subparagraph (c) of paragraph (2) of section 5 contains the pertinent factors which the Commission must consider before any proposed transaction under subparagraph (a) may be authorized. It provides:

> "(c) In passing upon any proposed transaction under the provisions of this paragraph (2), the Commission shall give weight to the following considerations, among others: (1) The effect of the proposed transaction upon adequate transportation service to the public; (2) the effect upon the public interest of the inclusion, or failure to include, other railroads in the territory involved in the proposed transaction; (3) the total fixed charges resulting from the proposed transaction; and (4) the interest of the carrier employees affected."

In its administration of the above-quoted provision of the statute, the Commission must also consider other significant factors determinative of the relationship of the proposed transactions to the public interest, including "adequacy of transportation service, essential conditions of economy and efficiency, and to appropriate provisions and best use of transportation facilities * * *." Cf. *N. Y. Central Securities Co.* v. *U. S.*, *supra*, at page 25, and "the advantage of improved service, safer operation, lower costs, etc., to determine whether the consolidation will assist in effectuating the overall transportation policy." Cf. *McLean Trucking Co.* v. *U. S.*, supra, at page 84 (1944). The principles enunciated in the last cited case continue in full effect and apply also to transactions involving railroads. Cf. *Minneapolis & St. Louis R. Co.* v. *U. S.*, *supra*. And it is significant to note that the express authorization to impose conditions as provided by the above-quoted provisions of the statute is "not limited to conditions proposed or favored by the carriers," *N. Y. Central Securities Co.* v. *U. S.*, *supra*, but the Commission must consider the evidence adduced of all interested parties and determine the modifications, if any, that are required to meet the public interest test.

Further, the "statute entrusts the Commission with the duty to decide what considerations other than those specifically mentioned in section 5(2)(c) shall be given weight." Cf. *Gilbertville Trucking Co.* v. *U. S.*, 371 U.S. 115, 127 (1962), citing *McLean Trucking* v. *U. S.*, *supra*, and *Schwabacher* v. *U. S.*, 334 U. S. 182, 193.

In arriving at a determination whether a transaction proposed is consistent with the public interest considerations must be given to all segments of the public interest. Where some segments would obtain benefits and others would incur injuries, there is raised by the circumstances the question of whether the benefits overbalance the injuries. However, the ultimate determinate must be compatible with the standards in the national transportation policy, as contained in the Act. In addition to the test of public interest the unification terms must at the outset be found to be just and reasonable to stockholders, based on a voluntary proposal originated by the unifying carriers. Cf. See *Seaboard-Coast Line*, *supra.*

Paragraph (11) of section 5, specifically relieves the applicants, their officers, employees, and other persons participating in a transaction approved and authorized by the Commission under subparagraph (a) of paragraph (2) of section 5 of the Act from the operation of the antitrust laws, and of all other restraints, limitations, and prohibitions of law, Federal, State, and municipal, insofar as may be necessary to enable them to carry into effect the transaction.

The legislative history of section 5(2) and its enactment in its present form indicates clearly that its purpose is to foster and encourage voluntary proposals of carriers in the nature of mergers, consolidations and unifications in the national transportation system. It is significant to note that in administering section 5(2), the Commission is not obligated to "measure proposals for all rail or all motor consolidation by the standards of the anti-trust laws." Cf. *McLean Trucking Co.* v. *U. S.*, *supra*, at 84-85, and by the same token may not disregard the policy underlying the antitrust laws even though carriers participating in a unification are relieved by

section 5(11) from the operation of such laws. Cf. *Minneapolis & St. Louis R. Co.* v. *U. S.*, *supra.* In carrying out the statutory objective of section 5(2) in its present form, i.e., facilitation of the voluntary unification of carriers, and "preventing injurious waste and in securing more efficient transportation service," *N. Y. Central Securities Co.* v. *U. S.*, *supra*, the Commission must not be unmindful of the antitrust laws and in so doing must face up to the problems of "accommodation of section 5(2) and the anti-trust legislation." Cf. *Minneapolis & St. Louis R. Co.* v. *U. S.*, *supra*, at 186.

In *Seaboard-Coast Line case*, *supra*, the Commission in discussing its duties and responsibility in the administration of section 5 stated:

> "In *Schwabacher* v. *United States*, *supra*, at 198, the Court said that we "must look for standards in passing on a voluntary merger only to the Interstate Commerce Act," which in "matters within its scope * * * is the supreme law of the land." As indicated, these standards have been prescribed by Congress in section 5(2)(c) of the act. Cf. *St. Joe Paper Co.* v. *Atl. Coast Line R. Co.*, *supra.* Although as indicated previously we must afford recognition to the policy underlying the antitrust laws, neither section 5 nor any other provision of the act contains an antitrust requirement or criterion to be applied by the Commission in railroad merger proposals. In fact, the 1940 Act eliminated the specific provisions of the 1920 Act requiring the preservation of competition. This notwithstanding, the effect of a proposed merger on the continuance of competition, both intra- and intermodal, is one of the elements directly related to the protection of the public interest and must be considered. See *McLean Trucking Co.* v. *U. S.*, *supra.* There, however, is no provision in the act which expressly or by implication prohibits the merger of financially strong railroads. The act draws no distinction as between the strong and the weak, or between competitive and non-competitive railroads. There is no requirement

in either the statute or judicial precedent which limits the Commission's authority to approve mergers to those involving carriers which are insolvent or on the brink of bankruptcy. See *Norfolk & W. Ry. Co. Merger*, 307 I.C.C. 401, and *Louisville & N. R. Co. Merger*, 295 I.C.C. 457. Under the act, the primary test is whether the proposed merger will be consistent with the public interest under the standards prescribed by section 5(2)(c), and otherwise meets the test of justice and reasonableness.

That discussion is particularly applicable to the facts and circumstances presented by the subject proceedings.

As previously indicated, no other rail carrier has requested to be included in the proposed unification and there is no evidence of record showing the public interest requires the inclusion of any other carrier. However, jurisdiction should be retained for a period of five years to consider petitions for such inclusions by affected railroads, if any.

Benefits.

Most railroads were built many years prior to the advent of alternate transport modes as competitive factors. The network of rail lines as they exist today in most regions fail to accommodate the many changes in the size and distribution of the productive plants of the nation. Most railroads are improvizations and consolidations of numerous short lines that originally merged to benefit the public. There was no overall merger plan, but through improved service, longer single line haul, and consequent faster and more economical service the shippers benefited. Today, there are additional reasons for further consolidation. Technological developments in motive power, automatic train control, electronic classification yards, and other new techniques make it possible to more efficiently utilize that road and trackage, which still provides necessary rail transportation. Implementation of these new developments is costly, so that it is vital to eliminate that segment of the railroad plant which is neither necessary nor adaptable to the new techniques in order to effect savings and provide funds.

This is especially true in the railroad industry, which by its nature has a sizable capital structure, and extremely long pay-back periods on new investment. It is an industry that has inherent problems of attracting new investment unless it can generate a good return.

A significant factor worthy of comment at this point deals with capital investment. The largest capital investment per worker is required in the public utilities field—$58,100. The capital investment per worker required in the transportation field approximates $41,000, with lesser amounts per worker required in other fields such as manufacturing ($24,700), and retail trade ($8,700). Such data is reflected in a study described of record as based on experience of the 100 largest nonfinancial corporations in the United States as of the end of 1960, including Great Northern, Northern Pacific, Burlington, and 13 other Class I railroads. The never ending demand for additional capital improvements is one of the important reasons advanced in support of the proposed transactions. Savings resulting from the proposed major transactions would provide capital funds with which to maintain applicant railroads at maximum efficiency and take advantage of technological improvements as they appear on the market. It is axiomatic that if improvements are not made as required in conformity with careful, intelligently planned programs, service deteriorates and shippers using the particular rail services either lose business or shift their traffic to other transportation. Thus, it is incumbent upon railroads in general to constantly seek out improvements and efficiencies.

All of the railroads in the area of the applicant lines carry substantially the same commodities although their respective shares of the various classes may differ somewhat, as has been previously shown. All of the railroads have been in competition to some degree over the years. Despite this intramodal competition, the record from 1947 to 1960 indicates a substantial and continuing deterioration in both volume of traffic and the revenues for performing that service. Neither competition, nor coordination has enabled these roads to meet the chal-

lenge of the changing demand for transportation service. When, as it has been shown, the production of the commodities handled by these railroads has increased substantially over the years examined, but the share of the railroads concerned has declined, this is substantive evidence that intermodal competition both regulated and unregulated has been working. This switch to other modes must certainly have been the result of better service since the rates for rail services have declined. It is thus imperative that some of the patterns of existing rail service be altered. Applicants' proposal which is another incident in the historical search for economic balance, contemplates some alteration in existing patterns. They have presented a detailed plan for consolidation involving a multi-million dollar capital outlay for refining existing transportation facilities, reducing expenditures, enhancing transport schedules, improivng car supply, and expanding transit privileges for the apparent purpose of meeting the demands of their customers, and hoping to attract new ones.

The hearing examiner is not unmindful of some improvements in the current financial position of railroads (and since the close of the hearings). Looking at the current financial health of the railroad industry—recent improvement figures for 1963, as compared to 1962 do not represent a reversal of a steady downward trend in gross-ton miles and earnings of the carriers stretching dangerously over the last eleven years. Many factors, however, enter into the current situation, not the least of which is the growth the total economy is experiencing; others include current rate differentials, and efforts to attract traffic by improvement of operations through extensive capital expenditures. Since the American economy's foundation is solidly planted in the concept of growth and change, many changes must come about to reshape the railroad transportation picture so that railroads may be enabled to attract sufficient constant traffic to grow and prosper as a necessary adjunct to the national economy, not the least of which are efforts toward consolidation into larger systems which are inevitable if high speed, distance rail transport is to be realized.

As indicated, the lines of railroad applicants serve numerous common points and, in many instances, are roughly parallel between Twin Cities and western points, though complementary at Twin Cities and Laurel. In various segments of the routes, the line of one applicant is substantially shorter or otherwise more efficient for through traffic than the line or lines of other applicants. Unification will enable New Company (a) to combine the best features of the various lines into unified routes to provide faster and more dependable service at lower transportation expense; (b) to consolidate and modernize the terminal facilities at certain common points, thereby reducing terminal delays; and (c) further improve service by eliminating the interchange delays on shipments which are now handled over routes involving interchange between two or more of the applicants.

A better car supply for shippers should also result from unification. Use of the shortest and most economical routes, use of the most efficient terminal facilities, and avoidance of interchange delays will generally make cars more readily available for loading. Unified handling of less-carload freight should increase the average loading per car, thereby releasing cars for other needs. Moreover, distribution of empty cars can be accomplished more efficiently under unified management to fulfill the various special and seasonal requirements of shippers throughout the system.

Elimination of separate operation of the lines of the applicant railroads will also benefit shippers by affording to them expanded routing with more advantageous transit and diversion privileges, thereby increasing the shippers' economical sources of supply and expanding their market areas.

Unification will increase the capacity of the applicant railroads and will improve the ability of these roads as unified to provide speedy and efficient transportation that would be needed in great volume during a war or national emergency. Far from proposing a contraction in the capacity to handle traffic, the unification proposed would increase capacity.

The New Company, with the described operations under its aegis, will be better able to keep open and foster the sales opportunities for products of the Northwest area in distant markets.

Moreover, the unified system will not be as vulnerable as the separate railroads are to fluctuation of traffic and revenues arising from economic conditions which from time to time affect the volume of traffic in certain commodities and certain areas, and thus will result in a better balance of traffic.

The numerous additional benefits to shippers and others which should result include the tracing and location of shipments, ordering of cars, processing of claims, reduction of damage through reduced handling, and many other items of importance to the shipper, largely concerned with expeditious, economical and efficient movement of his freight.

The operating economies and other savings shown herein as benefits to accrue from unification are reasonably probable and important in the interest of the shippers, consignees, passengers and security holders, and are conservative in the light of the terms and conditions envisoned by applicants. However, with the imposition of additional conditions which should be imposed herein to afford greater protection to other affected railroads against the potential disruptive energies of the consolidated company, the net financial benefits resulting from unification would, no doubt, be reduced. But that reduction would not make serious inroads in the potential savings available. Even though the reduction in annual savings would make inroads of $5 to $10 million, the transaction would, nevertheless, be justified as a carefully programmed basis of improving the ability of railroads to continue to serve the public. Progessively increasing costs of providing railroad service make it incumbent upon the carriers to take all steps reasonably calculated to offset such costs.

The applicants' proposal to reduce the expense of operation is entirely sound in principle, and is entitled to serious consideration as a step toward ultimately reducing the cost of transportation, thus tending to prevent

increased rates if not to lower existing rates, and aiding in the development and prosperity of the territory. Efficiency and economy are essential to the survival of railroad common carriers as private enterprises in these years of increased competition from other modes of common carrier and private carrier transportation.

Many of the economies involved are thought by some interveners to be possible without unification. However, that argument, which has been discussed, is theoretical only, and those advancing it offer little in the way of substitute. Moreover, whereas applicants' proposal gives a most detailed assurance that the indicated savings can actually be realized, such is an important consideration in favor of unification. While that subject has been discussed in extenso, and despite the degree of affiliation among the applicant railroads, there can be no reasonable expectation that voluntary coordination among them as separate companies could result in the same or similar improvements that unification will permit. The unification proposed will combine the advantages of providing better service to the public and of offering such service on a substantially more economical basis than is practical under separate operations.

In addition, the strengthened economic condition of the unified system will better enable New Company to continue to serve the public convenience and necessity through the performance of motor carrier operations now being carried on by Burlington and Great Northern, and by certain corporations which are subsidiaries of Great Northern, Northern Pacific and Burlington, respectively, and which, after unification has been accomplished, will be subsidiaries of New Company. Unification in conformity with the recommendations herein will enable New Company and those subsidiaries to provide service by motor vehicle in a manner fully as advantageous to the public as the motor vehicle service now performed by applicants and their subsidiaries, and consistent with both the purposes and requirements of the Act.

Since New Company through merger will be the successor of Burlington, Great Northern and Northern Pacific, those certificates issued in the names of Burlington

and Great Northern should, upon approval and consummation of unification, be revised to reflect the name of New Company. Moreover, those certificates issued to BTL, NP Transport and S&DT where reference is made to the particular railroad should upon approval and consummation herein be revised to reflect in lieu of the name of the parent railroad, wherever appearing therein, the name of New Company as successor thereto.

New Company's assumption of liabilities, obligations and guarantees is consistent with the public interest because the increase in net income expected to result from unified operation provides a more stable assurance that the fixed charges of applicants will be fully earned and that the liabilities, obligations and guarantees so assumed will be met or performed within the requirements of the assumption thereof by New Company.

The capital structure and long-term debt of New Company has been described in detail. The total long-term debt and fixed charges will be reduced as a result of accomplishment of the proposed transactions principally by the redemption of Northern Pacific refunding and improvement bonds now publicly held in the principal amount of $17,632,000. Thus, no increase in total fixed charges will result from the proposed transactions.

The studies of the economics of the proposed transactions, dealing with changes in income expected to result from unification (realizable by the end of the fourth year following consummation of the unification proposals), show on an adjusted basis that the total annual net income of applicants, based essentially on the volume of traffic believed to be normal for the relatively near future and on the tariff rate and expense levels of July 1, 1960, is expected to increase by approximately $39.9 million before Federal income taxes. Substantially all of the estimated annual increase will be realized by the end of the fourth year following unification. Moreover, unification is also expected to result in a net increase in traffic and revenues.

Reduction of expenses, resulting in increases in net income, should result from construction and operation of new unified electronic classification yards and other

terminal facilities at certain points served by two or more of the railroad applicants, unification of terminal operations at certain other common points, consolidation of certain duplicate train operations, reduction in length of haul through use of shorter and more economical routes, increased efficiency in handling of less-carload shipments, reduction in the number of locomotives and cars needed to provide service to the public, reduction in expenses of maintaining general repair facilities, reduction in the necessary stocks of material and supplies, and increased efficiency through consolidation of execuitve, engineering, accounting, traffic and other departments. In addition, Federal income taxes on intercorporate dividends would be eliminated.

Where large operating economies are feasible, they should be made, as a matter of public interest. As to the effect of those economies on the shippers and receivers of freight, the record shows that certain rate changes, such as those due to the elimination of 2-line hauls and the elimination of switching charges, should result from the unification, but that no revision of the rate situation is promised, or can be expected in the immediate future. The operating changes proposed are such as ultimately to reduce rates or to prevent advances.

Thus, the proposed unification will promote the public interest by enabling New Company to provide more economical and efficient service than can otherwise be provided, and, as this record clearly shows, result in an effectuation of substantial economies and efficiencies.

The described economies for all intents and purposes will ultimately accrue in large part to the benefit of the public, either through improved services which thereby will be made available, or through lower rates that otherwise would not be possible. Applicant railroads are truly financially healthy carriers, but their earnings have been affected principally by the inroads of competing highway and waterborne transportation. Historically, railroads were the transportation mainstay of the economy. The passage of time has affected that historical premise with the extension and growth of public highways and water-

ways and growth of the modes of transport utilizing those avenues to the point that those two modes are now recognized as serious competitors for traffic. The unification will undoubtedly result in a strong financially stable merged company enabled to compete more efficiently for traffic moving in its territory. It would be enabled to consolidate and modernize numerous facilities and, with the broadening of territory by the combination of the respective territories of the several applicant carriers, be enabled favorably to attract new industries to its lines.

Unification of the properties involved will permit more efficient utilization of equipment and facilities. Consolidation of yard facilities and revision of schedules under unified operation will reduce switching and other terminal handling and cause substantial reductions in transit time.

While unification of the properties of the applicant railroads may result in some elimination of competition (and that as between the applicant railroads particularly to the extent they serve common points, which are limited), it is believed that with the conditions imposed unification will result in an improved atmosphere of competition, for example, as between New Company and other railroads, such as Milwaukee, particularly for long-haul traffic, enabling the latter to be a more effective competitor for traffic between points in common. The primary benefit of the transaction is that it will enable the New Company to compete more effectively and efficiently than its component members for the available traffic in the area which has over the years been attracted to the other modes, principally by highway.

The public interest is not adversely affected by the failure to include in the proposed transactions other railroads in the territory involved. However, under the terms of the order recommended jurisdiction should be maintained for a period of five years to permit the filing of petitions for such inclusion by railroads who within the prescribed period deem such action warranted by the circumstances.

Injuries.

Pertinent matters of anticipated disadvantages of the unification proposed include injuries to present employees of applicant railroads whose positions would be downgraded or eliminated, and those employes of railroads other than applicants who would be similarly affected following unification. In addition to the extent unemployment of railroad personnel occurs in the same areas, the net effect would be a cause of economic disturbance affecting local government and population. Other resulting injuries are based on potential losses in traffic availability and reduced gross revenues borne by other railroads now participating in through traffic over joint routes with one or more applicants.

Many of the various communities and areas which to some extent would be affected by the elimination of jobs or transfer of employees expressed opposition to the proposed unification. The position taken by certain of the various states, cities, towns, municipalities, areas, and civic groups is that the proposed unification is not in the public interest if it will have, as a result of reduction or elimination of jobs, or transfer or reduction of employees, an adverse affect upon the economy of the respective areas or communities. It is apparent that, in taking the position, the various interveners have applied varied individual interpretations to the term "public interest." The proper scope of that term, as used in section 5(2) of the Act, has been defined by the Supreme Court of the United States in a number of decisions which have been followed consistently by the Commission. Cf. *Texas* v. *United States*, 292 U. S. 522, 531 (1933); *N. Y. Central Securities Co.* v. *U. S.*, 287 U. S. 12, 25 (1932); and *United States* v. *Lowden*, 308 U. S. 225, 230 (1939). See also *Boston and Providence R. Co. Reorganization*, 239 I.C.C. 365, 473 (1940); *Pittsburgh L. & W. R. Co. Purchase*, 254 I.C.C. 144, 156 (1942); and *Chicago Burlington and Quincy R. Co. Control*, 271 I.C.C. 63, 145-146 (1948).

The standard by which the application for unification must be judged is, of course, "public interest." In *United States* v. *Lowden*, *supra*, at page 230, the Supreme Court said, with respect to the meaning of this criterion:

> In *New York Central Securities Corp.* v. *United States*, 287 U. S. 12, we pointed out that the phrase 'public interest' in this section does not refer generally to matters of public concern apart from the public interest in the maintenance of an adequate rail transportation system; that it is used in a more restricted sense defined by reference to the purposes of the Transportation Act of 1920 of which the section is a part and which, as had been recognized in earlier opinions of this Court, sought through the exercise of the new authority given to the Commission to secure a more adequate and efficient transportation system . . . Thus restricted, the term 'public interest' 'as used in the statute, is not a mere general reference to public welfare but as shown by the context and purposes of the Act has direct relation to adequacy of transportation service, to its essential conditions of economy and efficiency and to appropriate provision and best use of transportation facilities.' *Texas* v. *United States*, 292 U. S. 522, 531.

The necessity of so limiting the term "public interest," apart from the patent intent of the Congress, is apparent when consideration is given to the fact that the duty of a railroad subject to the Act is to provide adequate and efficient transportation service to all of the public it serves, not to guarantee a certain level of employment at particular locations or to underwrite the taxing structure of particular states, or counties, or communities, and the criterion of the subject application for authority to unify is whether it will in fact promote adequate and efficient transportation, not whether it will freeze the existing pattern of employment across the system. The record is replete with the strongest evidence that the proposed unification will promote adequate and efficient transportation, produce sound and proper economies and efficiencies and result in an improved rail transport system.

However, it is significant to point out that the adverse effect on given areas or communities will not be substan-

tial and will, in many cases, be wholly off-set by other, positive factors. As previously indicated, unification will permit the ultimate elimination of positions now requiring the employment of approximately 5,200 employees. The changes and abolishments involved, however, would be gradual and would occur over a five-year period. The record shows the first year 833 jobs would be abolished, the second year—1,767; the third year—1,456, the fourth year—1,091, and the fifth year 53, and those job eliminations would be spread through 22 states and three Canadian provinces as shown in appendix K-4. Moreover, those changes and abolishments would be accompanied by virtually no discharge of present employees. Further, the great bulk of abolishments would occur in the larger cities, where their effect would be insignificant in terms of the overall employment figure. The two states where the greatest changes in employment would occur are Minnesota (2,125 jobs), and Washington (1,284 jobs). In Minnesota, the jobs affected are spread over 58 points, and at Twin Cities, where by far the most substantial changes under the unification plan would occur, there would be a decrease (through abolishment of jobs and transfer of employees to other locations) of 431 employees at Minneapolis and 1,009 employees at St. Paul. The combined figure represents less than one-third of one percent of the non-agricultural employment in the two named cities. On the other hand, there are the positive factors. Unification will require substantial construction in the Twin Cities area as well as in other areas on the system. At Twin Cities such construction includes a $3 million freight house and a $14.5 million electronic freight classification yard, which would provide employment for about 750 men over a two-year period. At Seattle, unification will require construction of a new freight classification yard at an estimated cost of $6 million; and at Spokane such construction will include a new freight classification yard at an estimated cost of $11.3 million, and a realignment of trackage and bridge construction project involving an estimated cost of $6.2 million. Those factors strongly mitigate against any serious adverse

economic effect on the cities and areas involved, for the positive factors far outweigh the negative factors.

As in the subject proceedings, the interests of communities in the jobs involved and the wages and salaries paid to their citizens by carriers sometimes is in dissonance with the concept of the adequacy of transportation service, essential conditions of economy and efficiency, and the best use of transportation facilities. However, it is clear that the interests asserted by the various interveners, states, cities, towns, municipalities, areas and civic groups expressing opposition here are, for the most part, at odds with the term "public interest" as that term is employed in section 5(2) of the Act. These states, municipalities, or areas along the lines of applicants confronted with loss of important industry are in the same position as other states, municipalities or areas not so situated but similarly confronted with loss of industry. In any major reorganization of an economic factor certain temporary dislocations are bound to take place. Whether the potential for economic growth in the region and the community will, within a reasonable period of time, offset that temporary employment disadvantage is a judgment question and requires careful appraisal. The general prospects for continued growth in the Pacific Northwest and in the area here under discussion are high, and it is highly unlikely that unification will merit any serious dislocation to the various communities whose fears have been expressed in this record.

However, as previously indicated, the "public interest" must be measured on the basis of the criterion previously discussed. Moreover, the threat of unemployment, standing alone, is not a valid argument against unification. While this situation may be regrettable, the loss, reduction, or change or industries cannot be ignored as one of the economic facts of life.

Withall, the effect of impact unification would have upon employees, which as indicated would likewise be reflected in the communities in which they live, is tempered by and its severity reduced by adoption of appropriate conditions to be imposed for the protection of employees adversely affected. The compensatory measures,

agreed to by applicants in conformity with the statute and prior expressions of the Commission in dealing with similar matters and here recommended, provides for employees adversely affected a degree of protection found nowhere else in our economy, and are fair and reasonable to all parties thus involved.

The adverse results which this record indicates would affect other railroads would be in proportion to the amount of traffic and revenue lost because of diversion thereof to the New Company. Those railroads so affected in varying degrees would, no doubt, be required to take measures, such as cost reduction, increased solicitation, revamping of service, improvement or modification of equipment, etc., to meet the situation. Some may find it necessary to reduce or even discontinue certain services.

However, it is clear that the effect of unification in manifesting itself on other railroads would present to those affected new problems the extent of which would become more evident as the changes of operations by New Company, in conformity with the plans expressed, are effectuated. Some railroads would be affected less than others. Some benefitting by special conditions recommended be imposed herein may well find their own operations subject to extensive change, thus improving the climate of competitive relationship.

With imposition of the conditions recommended, and implementation of appropriate measures within the framework of those conditions those railroads so affected should be enabled to invoke numerous beneficial changes. But that would depend to a large measure on the efforts of the managers of those railroads. In conformity with the changes that would occur, many shippers and receivers of freight who rely upon existing services may experience some change in services available, but that is the logical result of such extensive changes. However, they should produce beneficial effects as previously indicated on this record.

As indicated, the reduction in severity of impact upon other railroads can best be accomplished by adoption of the conditions herein recommended for imposition, including the so-called "standard routing conditions" to

assure maintenance of existing routes and channels of trade. Such conditions would not, however, provide adequate protection to railroads other than those referred to herein, and to shippers and receivers of freight and communities along the lines of those railroads and who depend upon them.

In addition to the standard routing conditions certain other restrictions are recommended for imposition dealing with the New Company's relations with other carriers. While the conditions, to which reference is made, would have the effect of limiting the extent of benefits which should accrue to the New Company, they would provide by their imposition means which would reduce the severity of impact upon those railroads and with such conditions the expected benefits of unification would outweigh the anticipated adverse effects.

Summary.

The various elements of fact and the numerous contentions of those who support and oppose the transactions under discussion warrant the conclusions reached.

It is acknowledged that the impact of the proposed unification will have some affect on various segments of the population, including shippers, communities, security holders, employees of the carriers involved, State and local taxing authorities, and other carriers, and that the various groups, each are integral parts of the public, have special and conflicting interests which must be balanced in order that a determination may properly be made within the framework of the Act whether the transaction will best serve the public interest as a whole. A review and analysis of the proposals in the aggregate, the ends they are designed to achieve, and the manner thereof, with due consideration to all the evidence of record, which is substantial, the pertinent issues and arguments thereon by all interested parties of record, which have been discussed, demonstrates convincingly that accomplishment of unification of the railroad operations as herein proposed through the proposed mergers and lease, as modified, together with the accompanying related, though subordinate, transactions will enable New Company to eliminate wasteful transportation and

provide a fuller utilization of the combined applicants lines' potential for the rendition of an improved, efficient and economical transportation service at substantially lower expense. Such betterment and savings, benefiting the public and shippers, consignees, passengers and security holders, cannot be realized under separate operation of the properties here involved. Within the purview of the standards just mentioned the proposed transactions, comprising the unification as herein modified have been shown by substantial evidence to be consistent with the public interest.

Moreover, further discussion likewise is not necessary to conclude that upon approval of the proposed unification, it would be consistent with the public interest and the national transportation policy to authorize the subordinate transactions herein covering acquisition by New Company of control of carriers presently subsidiary to or affiliated with Great Northern, Northern Pacific, Burlington and SP&S, acquisition by New Company of rights held by those carriers under effective leases, and trackage and joint use agreements pertaining to described lines of other railroads or terminal facilities, acquisition by New Company of motor carrier operating rights held by Great Northern and Burlington, issuance by Burlington and New Company of securities pursuant to the major transactions involved, and assumption by New Company of the liabilities and obligations of Great Northern, Northern Pacific, Burlington, and Pacific Coast, and, during the term of lease transaction, those of SP&S.

While no substantial objection (except as expressed by interveners Iowa, Minnesota, and Wheat Producers Transportation Committee, previously discussed) has been raised in respect of the proposal to include Burlington as part and parcel of the unification, considerable analysis and study of the record has been given by the hearing examiner to the question of maintenance of Burlington as a separate railroad rather than as a component part of the proposed unified system. Burlington's history has been reviewed from the standpoint of growth, that part it has long played in the system of the appli-

cant carriers, and in the area involved, and as a subject of action by the Commission in connection with the proposals involving it in both the *Consolidation case, supra,* and in the *Acquisition case, supra.*

While the Commission is not now governed by the mandate which precipitated the *Consolidation case, supra,* it is of some historical significance. The proposed unification would bring together in one corporate body the combined lines aggregating some 25,000 miles of track, providing the formation of the largest railroad in the United States in terms of total miles of road owned and operated and geographical distribution, and the third largest from the point of view of annual revenues approximating $775,000,000; a corporation with combined assets of $2.6 billion. While such data is impressive in respect of size, viewing size as the dollar value in assets, on the basis of 1961 financial data there would be following unification 35 domestic companies larger in size than New Company. Included in that group are 11 industrial firms with total assets ranging from $2.7 billion to $10.4 billion, 11 banks with total assets ranging from $2.9 billion to $12.7 billion, 10 life insurance companies with total assets ranging from $2.61 billion to $18.7 billion, 3 utility companies with total assets ranging from $2.64 billion to $24.6 billion, and one transportation company (Pennsylvania Railroad) with total assets of $2.8 billion.

In viewing the unification proposed in broad spectrum Burlington is a necessary part in the proposed system for several reasons. First, in the part it has played in close cooperative relations with the Northern Lines, its parents since the turn of the century; second, the extension outwardly of system lines which permit broad connections for service and return of cars; third, its significant contribution to a balance of traffic to the unified system; and fourth, its contribution to the car supply problem and prospects for improvement under the unified system. In summary, it has been concluded that it is a necessary component to the proposed unified system.

Applicants indicate that prior to termination of the proposed ten-year lease of SP&S, New Company would

either merge SP&S into it or extend the lease, either subject to prior approval by this Commission. Allowing full credibility for applicants reasons for its proposal to lease the properties of SP&S for the term indicated leaves a number of troublesome factors which should be discussed and corrected, considering that applicants' goal is a complete effective unification of the system operations.

During the term of lease no sound purpose or reason exists for considering Oregon Electric and Oregon Trunk operations separate and apart from those of SP&S. That applicants would continue to extract some additional divisions of revenue by considering Oregon Electric and Oregon Trunk separate railroads is no real justification. The findings herein are predicated on the basis that the operations of Oregon Electric and Oregon Trunk will be considered integral parts of SP&S (since their reports to this Commission have long been prepared and submitted in that fashion) and as a single system during the term of lease.

Moreover, in the interests of corporate simplification, which the Commission has long encouraged, applicants and particularly New Company, should give serious consideration, following consummation of the authority here sought, to corporate merger of Oregon Electric and Oregon Trunk into SP&S, and merger of the latter into New Company conjunctively with termination of the ten-year period embraced in the lease authority herein granted, subject, however, to prior approval by this Commission. In addition, New Company should consider simultaneous merger of Valley Railroad into New Company on the same basis. No useful purpose appears to warrant the continued operation of Oregon Electric, Oregon Trunk and Valley Railroad as separate railroads in view of the unification proposal, the expressed desires for system simplification and the strong support provided by this record.

Further, and for the same reason applicants, and particularly New Company, should give serious consideration to early consolidation of its subsidiary motor carrier operations into a single corporate entity, also subject to prior Commission approval, for simpler and more economic administration.

In addition, the record indicates that under New Company's dominion and control following unification there would be in addition to the many refrigerator cars owned which it would acquire from Northern Pacific, those possessed by subsidiaries it would acquire from the merging lines, in that it would acquire control of such protective service car companies (refrigerator cars, etc.) as Western Fruit Express Company, now wholly owned by Great Northern, and Burlington Refrigerator Express Company, Inc., now wholly owned by Burlington. No sound reason appears on this record warranting the continued separate operations of those companies under the single control of New Company following unification. Applicants, and particularly New Company, should give serious consideration following unification to early consolidation of its protective service car companies into a similar single corporate entity subject to prior Commission approval, for simpler and more economic administration.

Numerous specific contentions of either law or fact not specifically discussed hereinabove are embraced in related topics covering broad areas of consideration; and conclusions and findings contrary to those contained herein, or otherwise not reflected have been carefully considered and found to be without merit, unjustified or without material significance to the final conclusions herein.

RECOMMENDATIONS

The findings required by the provisions of section 5(2), insofar as they apply to merger and lease transactions, are justified by the record herein, and are supported by adequate evidence. The benefits which the subject unification proposal indicates will become available are desirable and important to the applicant railroads involved, and would provide numerous advantages permitting continued adequate and improved transportation to those who make use of and need the service, the shipping and receiving public.

The required statutory findings that the propsed mergers and lease will be consistent with the public interest should, however, be subject to terms and conditions, and

modifications which the hearing examiner recommends for adoption as just and reasonable under the facts and circumstances presented. The conditions recommended for imposition would be effective in providing an adequate measure of protection from injuries to which certain intervening interests would become exposed as a result of the unification proposed.

Additionally, connecting and competing railroads would not only be provided with appropriate protective safeguards as a result of such unification, but would be afforded opportunity to participate in some of the many benefits which the grant of authority herein would make available to the applicants and the shipping and receiving public. Exercise of the rights and benefits made available through the conditions imposed would enable other railroads to improve their services and compete for traffic more effectively with the consolidated company upon consummation of the proposed unification, and in part, dilute some of the savings and increase in revenues which applicants anticipate. However, the overall effect should be one of improved competitive ability for all railroads in the subject territory involved herein, for the New Company would be enabled through consolidation of applicants lines to invoke those principal benefits which it seeks to otbain by the proposed unification, i. e., the establishment of the proposed new fast transcontinental routes and the numerous economies and efficiencies not now possible under separate operation.

In the light of the general conclusions supporting the recommended determination of the proposed mergers and lease transactions and related transactions on the merits, and consistent with his findings thereon, the hearing examiner finds that, in addition to appropriate conditions for the protection of adversely affected railway employees, the standard routing conditions referred to herein, as modified by the stipulation between applicants and intervener Union Pacific and those additional special conditions restricting the traffic, service and operating prospects of the unified company covered by stipulations between applicants on the one hand, and, on the other, interveners Southern Pacific, Western Pacific, Santa Fe,

and Soo, as well as special conditions requested by intervener Milwaukee dealing with (1) access to Portland and use of applicants' trackage over the lines of Northern Pacific between Longview Junction and Portland, (2) use of trackage of applicants over their lines between Renton and Snohomish and between Everett and Bellingham, and (3) elimination of non-competitive switching charges; and special conditions requested by intervener C&NW dealing with (1) opening of the Crawford "gateway", and (2) operating conditions covering (a) interchange between C&NW and the consolidated company at Minneapolis, (b) superseding of contract between Northern Pacific and C&NW in respect of use by C&NW of Northern Pacific trackage between Minneapolis and St. Paul, and (c) superseding of contract between Great Northern and C&NW in respect of use by C&NW of Great Northern's passenger station at Minneapolis, should be imposed in any approval herein.

Upon unification with such conditions imposed, the competing and connecting railroads through their own effective solicitation efforts would be afforded a reasonable opportunity to protect their revenue positions and their presently enjoyed traffic from serious deterioration due to diversion caused by the impact of the combined strength and area of influence of the consolidated company. Moreover, they would be in a somewhat improved position to attract new traffic, principally from other modes. As a result, the prospects of those railroads to continue and experience an operational growth would be safeguarded, and the expressed adverse effect upon certain shippers and receivers of freight, communities and industrial areas would be less likely to occur.

In view of the previously described considerations, the hearing examiner recommends specific conditions, as follows:

1. Upon consummation of the transaction in whole or in part, the Great Northern Pacific & Burlington Lines, Inc., shall maintain and keep open all routes and channels of trade via existing junctions and gateways, unless and until otherwise mutual-

ly agreed upon by the carriers affected or otherwise authorized by the Commission.

2. The present neutrality of handling traffic inbound and outbound and in overhead service by the Chicago, Burlington & Quincy Railroad, Great Northern Railway Company, Northern Pacific Railway Company, Pacific Coast R. R. Co., and Spokane, Portland and Seattle Railway Company shall be continued by the Great Northern Pacific & Burlington Lines, Inc., so as to permit equal opportunity for service to, from, and via all lines reaching the rails of the Great Northern Pacific & Burlington Lines, Inc., without discrimination as to routing or movement of traffic and without discrimination in the arrangement of schedules or otherwise.
3. Existing traffic and operating relationships including contracts between the Chicago, Burlington & Quincy Railroad Company, Great Northern Railway Company, Northern Pacific Railway Company, Pacific Coast R. R. Co., and Spokane, Portland and Seattle Railway Company, on the one hand, and, on the other, all lines connecting with their tracks, shall be continued insofar as such matters are within the control of the Great Northern Pacific & Burlington Lines, Inc.
4. The Great Northern Pacific & Burlington Lines, Inc., shall accept, handle and deliver all cars inbound and outbound and in overhead or switching service, loaded and empty, without discrimination in promptness or frequency of service and irrespective of origin or destination or route of movement.
5. The Great Northern Pacific & Burlington Lines, Inc., shall do nothing to restrain or curtail the right of industries served by the Chicago, Burlington & Quincy Railroad, Great Northern Railway Company, Northern Pacific Railroad Company, Pacific Coast R. R. Co., and Spokane, Portland and Seattle Railway Company, or Great Northern Pacific & Burlington Lines, Inc., to

route traffic over any or all available routes and gateways.

6. Any party or any person having an interest in the subject matter, at any future time, may make application for such modification of the above conditions, or any of them, as may be required in the public interest; and jurisdiction will be retained by the Commission to reopen the proceedings herein on the motion of the Commission for the same purpose.
7. Great Northern Pacific & Burlington Lines, Inc., and Southern Pacific Company shall join in the establishment and maintenance of joint through rates via Klamath Falls, Oregon, on bases no less favorable than via other routes, on all traffic from and to points on Great Northern Pacific & Burlington Lines, Inc., and Southern Pacific Company and their shortline connections. Great Northern Pacific & Burlington Lines, Inc., shall observe strict neutrality between the Klamath Falls, Oregon, and Bieber, California, gateways as to solicitation of traffic, regardless of origin or destination. Great Northern Pacific & Burlington Lines, Inc., and Southern Pacific Company shall conduct operations without discrimination or limitation, including the furnishing of specialized equipment, switching services and the maintenance of train schedules so as to handle traffic interchanged between Southern Pacific Company and Great Northern Pacific & Burlington Lines, Inc., at Klamath Falls in a prompt and expeditious manner and in no respect with less favorable treatment than is accorded by Great Northern Pacific & Burlington Lines, Inc., on traffic handled via Bieber or by Southern Pacific Company on traffic handled via Portland, Oregon.
8. Great Northern Pacific & Burlington Lines, Inc., and Southern Pacific Company shall establish and maintain joint through rates via Portland to and from all points to the same extent as hereafter established via Klamath Falls. Great Northern Pacific & Burlington Lines, Inc., and Southern

Pacific Company shall conduct operations via Portland without discrimination or limitation, including the furnishing of specialized equipment, switching services and maintenance of train schedules, said service to be equal or superior to that presently provided by Northern Pacific Railway Company and Southern Pacific Company in operating via Portland.

9. Southern Pacific Company shall solicit all traffic to and from Oregon, Washington, northern Idaho and British Columbia, as follows:

   (a) From and to territory north of Los Angeles, California, Southern Pacific Company shall observe strict neutrality between Union Pacific Railroad Company and Great Northern Pacific & Burlington Lines, Inc.

   (b) From and to territory Los Angeles and south and east thereof served in common by Union Pacific Railroad Company and Southern Pacific Company and where Union Pacific Railroad Company now maintains or may maintain rates via its Salt Lake line that are competitive with Southern Pacific Company through Portland, Southern Pacific Company shall solicit all traffic in favor of Great Northern Pacific & Burlington Lines, Inc.

   (c) From and to territory Los Angeles and south and east thereof except as provided in paragraph (b), Southern Pacific Company shall observe strict neutrality between Union Pacific Railroad Company and Great Northern Pacific & Burlington Lines, Inc.

10. Great Northern Pacific & Burlington Lines, Inc., and Western Pacific Railroad Company shall join with each other and with The Atchison, Topeka and Santa Fe Railway Company in establishing and maintaining joint through rates via Bieber, California, on bases no less favorable than via other routes, on all traffic between points in Washington, Oregon, Idaho and British Columbia lo-

cated on the Great Northern Pacific & Burlington Lines, Inc., and its connections, on the one hand, and points on the lines of (1) Western Pacific Railroad Company and its short line connections in California, Nevada and Utah; (2) points in California, Arizona, New Mexico, Texas and Louisiana on the lines of The Atchison, Topeka and Santa Fe Railway Company and its short line connections; and (3) Denver and Rio Grande Western Railroad in Utah, on the other; and on transcontinental traffic between points other than those described above, the rates via Bieber shall be maintained on bases equal to the rates applicable via all other routes between points on the Great Northern Pacific & Burlington Lines, Inc., and all transcontinental origins or destinations to the same extent as is now provided via Bieber in Trans-Continental Freight Bureau Tariff No. 5 Series, I.C.C. 1576.

11. With respect to all traffic described in Paragraph 10, via routes from, to or through California, the Great Northern Pacific & Burlington Lines, Inc., will preferentially solicit for its Inside Route (i.e. either its Klamath Falls or its Bieber gateway) and shall not by any means, including the adjustment of divisions of freight revenue, give preference to its route via Portland; and the Great Northern Pacific & Burlington Lines, Inc., and the Western Pacific Railroad Company shall observe practices including those with respect to solicitation and the adjustment of divisions of freight revenue which will afford to the Bieber Route no less favorable an opportunity than the Klamath Falls route to share in the traffic moving between the areas described in Paragraph 10. As used in this Paragraph 11, the term Klamath Falls route or gateway includes, and the provisions hereof cover, traffic interchanged at Chemult, a point on the Klamath Falls route.

12. The Great Northern Pacific & Burlington Lines, Inc., and the Western Pacific Railroad Company

shall conduct operations via Bieber without discrimination or limitation, including the furnishing of specialized equipment, switching services, and the maintenance of train schedules so as to handle traffic interchanged between the Great Northern Pacific & Burlington Lines, Inc., and Western Pacific Railroad Company at Bieber in a prompt and expeditious manner and the Great Northern Pacific & Burlington Lines, Inc., shall accord such traffic no less favorable treatment than it accords traffic interchanged with connecting lines at Klamath Falls, Chemult or Portland.

13. Western Pacific Railroad Company shall solicit all traffic to and from Oregon, Washington, northern Idaho and British Columbia via the Bieber route and in favor of the Great Northern Pacific & Burlington Lines, Inc.

14. The Great Northern Pacific & Burlington Lines, Inc., and The Atchison, Topeka and Santa Fe Railway Company (and its Texas subsidiaries) shall join with each other and with the Western Pacific Railroad Company in establishing and maintaining joint through rates via Bieber, California, on bases no less favorable than via other routes, on all traffic between points in Washington, Oregon, Idaho, and British Columbia located on the Great Northern Pacific & Burlington Lines, Inc., and its connections, on the one hand, and, points in California, Arizona, New Mexico, Texas and Louisiana on the lines of The Atchison, Topeka and Santa Fe Railway Company and its short line connections, on the other; and on transcontinental traffic between points other than those described above, the rates via Bieber shall be maintained on bases equal to the rates applicable via all other routes between points or destinations to the same extent as is now provided via Bieber in Trans-Continental Freight Bureau Tariff No. 5 Series, I.C.C. 1576.

15. With respect to all traffic described in Paragraph 14, via routes from, to or through California, the

Great Northern Pacific & Burlington Lines, Inc., shall preferentially solicit for its Inside Route (i.e. either its Klamath Falls or its Bieber gateway) and shall not by any means, including the adjustment of divisions of freight revenue give preference to its route via Portland; and the Great Northern Pacific & Burlington Lines, Inc., and The Atchison, Topeka and Santa Fe Railway Company shall observe practices including those with respect to solicitation, and the adjustment of divisions of freight revenue which will afford to the Bieber route no less favorable an opportunity than the Klamath Falls route to share in the traffic moving between the areas described in Paragraph 14. As used in this Paragraph 15, the term Klamath Falls route or gateway includes, and the provisions hereof cover, traffic interchanged at Chemult, a point on the Klamath Falls route.

16. The Great Northern Pacific & Burlington Lines, Inc., and The Atchison, Topeka and Santa Fe Railway Company shall join with Western Pacific Railroad Company in conducting operations via Bieber without discrimination or limitation, including the furnishing of specialized equipment, switching services, and the maintenance of train schedules so as to handle traffic interchanged between the Great Northern Pacific & Burlington Lines, Inc., and Western Pacific Railroad Company at Bieber in a prompt and expeditious manner and the Great Northern Pacific & Burlington Lines, Inc., shall accord such traffic no less favorable treatment than it accords traffic interchanged with connecting lines at Klamath Falls, Chemult, or Portland.

17. The Great Northern Pacific & Burlington Lines, Inc., and Soo Line Railroad Company shall, subject to any necessary approval of this Commission, promptly enter into and execute the agreements indicated below and shall thereafter prepare and file with this Commission any and all required applications and supporting evidence to:

(a) Amend that certain contract dated September 18, 1959, between Great Northern Railway Company, a corporation, and Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, a corporation, covering coordination of certain lines of Great Northern and Soo Line Railroad Company between Lignite and Crosby, North Dakota, and Hankinson Genesco, North Dakota, approved by order of this Commission dated January 28, 1960, in Finance Docket No. 20837, so as to give the Soo Line Railroad Company the full and equal joint use of the "Crosby Joint Section" as that term is defined in said contract, and all spur tracks.

(b) Amend that certain contract dated July 5, 1955, between Great Northern Railway Company, a corporation and Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, a corporation, covering coordination of certain lines of Great Northern Railway Company and Soo Line Railroad Company between Schley and Bemidji, Minnesota, and between New Aberdeen Line Junction, Minnesota, and Hankinson, North Dakota, approved by order of this Commission dated December 6, 1955, in Finance Docket No. 18992, so as to give the Soo Line Railroad Company the full and equal joint use of the "Cass Lake Joint Section" as that term is defined in said contract, and all spur tracks.

(c) Amend that certain contract dated April 15, 1929, between Northern Pacific Railway Company, a corporation, and Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, a corporation, pooling Northern Pacific Railway Company and Soo Line Railroad Company traffic on iron ore tonnage originating on the Cuyuna Range, approved by order of this Commission dated June 3, 1929, in Finance Docket No. 7560 (154 I.C.C. 279) in the following respects:

1. The first 500,000 tons of ore tansported from the Cuyuna Range yearly shall be divided 75 percent Soo Line Railroad Company and 25 percent Great Northern Pacific & Burlington Lines, Inc.; tons exceeding 500,000 shall be divided equally.
2. Soo Line Railroad Company's share of the Cuyuna car pool will be fulfilled by Soo Line Railroad Company furnishing a minimum of 375 seventy or seventy-five ton cars and any deficiency during the first ten ore shipping seasons after coordination of Allouez dock shall be made up with 70-ton cars furnished by Great Northern Pacific & Burlington Lines, Inc., at a per diem rate of $1.00 during said seasons.
3. The obligation of Soo Line Railroad Company to pay $7,850 annually on account of abandonment of its line between Lawler and East Lake shall be cancelled.
4. Soo Line Railroad Company shall be admitted on fair and equitable terms to the use of Great Northern Pacific & Burlington Lines, Inc., yards and docks at Allouez, and a rail connection will be installed at Saunders to handle Soo Line Railroad Company ore.

(d) Authorize the Soo Line Railroad Company, on fair and equitable terms, to use the existing Great Northern Railway Company trackage between Soo Line Railroad Company Shoreham Yard and the easterly end of the existing Great Northern Railway Company Union Yard, including necessary yard tracks so that Soo Line Railroad Company can make direct interchange with The Minnesota Transfer Railway Company and the Chicago, Rock Island and Pacific Railroad Company.

18. That after consummation of the transactions for which authority under section 5(2) of the Act is sought, Great Northern Pacific & Burlington Lines, Inc., and Soo Line Railroad Company will continue their cooperative efforts to find ways and means of jointly providing improved service to the shipping public by eliminating delay and reducing costs and to that end the parties shall consider the installation of automatic interlockers at various crossings now manually operated and coordination of additional lines where practical on the basis set forth in the contracts dated September 18, 1959, and July 5, 1955, further described in Paragraph 17a and 17b above.
19. At the request of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company, presented in writing not more than six months after date of consummation of the unification authorized herein or not more than six months after the effective date of any certificate or order of the Commission permitting the Chicago, Milwaukee, St. Paul and Pacific Railroad Company to extend its operations to Portland, Oregon, and to acquire trackage rights over the line of Great Northern Pacific & Burlington Lines, Inc., between Longview Junction, Washington, and Portland, Oregon, Great Northern Pacific & Burlington Lines, Inc., shall grant to the Chicago, Milwaukee, St. Paul and Pacific Railroad Company upon such fair and reasonable terms as the parties may agree, or as determined by this Commission in the event of their inability to agree, trackage rights to operate freight trains over the Great Northern Pacific & Burlington Lines, Inc., line between Longview Junction and Portland, including the right to serve on an equal basis all present and future industries at Portland and intermediate points and the use of Great Northern Pacific & Burlington Lines, Inc., facilities at Portland necessary for the switching of traffic to other railroads and industries. Great Northern Pacific & Burlington

Lines, Inc., shall maintain Portland as an open gateway on a reciprocal basis with the Chicago, Milwaukee, St. Paul and Pacific Railroad Company to the same extent as with other connecting carriers.

20. At the request of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company, presented in writing not more than six months after date of the consummation of the unification authorized herein or not more than six months after the effective date of any certificate or order of the Commission permitting the Chicago, Milwaukee, St. Paul and Pacific Railroad Company to acquire trackage rights over the lines of the Great Northern Pacific & Burlington Lines, Inc., between Renton and Snohomish, Washington, and between Everett and Bellingham, Washington, the Great Northern Pacific & Burlington Lines, Inc., shall grant to the Chicago, Milwaukee, St. Paul and Pacific Railroad Company upon such fair and reasonable terms as the parties may agree or as determined by this Commission in the event of their inability to agree, trackage rights to operate freight trains over Great Northern Pacific & Burlington Lines, Inc., lines between Renton and Snohomish, and between Everett and Bellingham.

12. The Great Northern Pacific & Burlington Lines, Inc., shall join with the Chicago, Milwaukee, St. Paul and Pacific Railroad Company in eliminating at their common points the dual basis of switch charges by canceling in their respective tariffs the higher switch charges required to be paid when absorbed by the line-haul carrier, and by providing in their respective tariffs for the absorption by the line-haul carrier of switch charges on all traffic, subject to a reasonable minimum carload revenue.

22. The Great Northern Pacific & Burlington Lines, Inc., shall (1) establish and maintain unrestricted joint rates and routes with the Chicago and North Western Railway Company reciprocally on

a reasonably related divisional basis via Crawford, Nebraska, between the stations specified in sheet 4 of appendix N-9, and (2) maintain connecting service schedules and interchange service at Crawford, Nebraska, so as to provide an efficient and effective service to the shipping public.

23. The Great Northern Pacific & Burlington Lines, Inc., shall offer to deliver interchange traffic to the Chicago and North Western Railway Company at the latter's Lyndale and East Minneapolis Yards, as the Chicago and North Western Railway Company may designate, and to accept interchange traffic from the Chicago and North Western Railway Company at the Great Northern Pacific & Burlington Lines, Inc., Lyndale and Union Yards.
24. The Great Northern Pacific & Burlington Lines, Inc., shall permit the Chicago and North Western Railway Company to operate between Minneapolis and St. Paul over track owned by the Great Northern Railway Company and shall offer to rescind the provisions of the contracts between the Chicago and North Western Railway Company and the Northern Pacific Railway Company which require the Chicago and North Western Railway Company to pay for trackage rights between Minneapolis and St. Paul (including the 4th Street Yard).
25. The Great Northern Pacific & Burlington Lines, Inc., shall offer to rescind the provisions of the contracts between the Chicago and North Western Railway Company which require the Chicago and North Western Railway Company to pay rental for use of the Great Northern Railway Company's Minneapolis passenger station and related facilities.

Further, and under the circumstances detailed herein, the hearing examiner recommends employee protective conditions the same as those prescribed in *New Orleans Union Passenger Terminal Case, supra,* as modified in *Southern-Central, supra,* and as subsequently applied in

C&O-B&O Control, *supra*, and *Seaboard-Coast Line*, *supra*, be imposed herein.

Consistent with the public interest, the conditions herein recommended for imposition upon the mergers and lease transactions authorized herein would have the effect of restraining any possible misuse of the competitive power of New Company, and would improve correspondingly the ability of other railroads to continue operations within the areas served by the New Company.

As previously indicated, no railroad has requested to be included in the proposed transactions and no evidence has been adduced to show that the public interest requires the inclusion of any other railroad. Conditions should be prescribed which would provide any affected railroad a reasonable extension of the period within which to file appropriate petitions to be included in the transactions. As indicated, some of the modifications of existing operations and service of the applicant railroads are not scheduled to be completed until five years after consummation of the authority granted. Since any delayed change of the situation, alone, or, in concert with other changes already achieved, may be the cause of new adverse effects upon certain railroads and endanger their ability to survive, such affected carriers should be permitted to petition the Commission under the provisions of section 5(2)(d), prior to consummation of the mergers and lease transactions, or, up to five years after the date thereof. The hearing examiner recommends that the Commission retain jurisdiction during the five years to consider any petition filed by other railroads as directly related to the proceedings in Finance Docket No. 21478. In connection with petitions so filed the New Company should be compelled to seriously consider the proposals presented, and to negotiate in good faith in arriving at amicable solutions to the problems involved. The New Company also should be obliged to consent to, and, if required, join in the filing of such petitions, and to cooperate in the presentation of adequate evidence upon which to make the required determination of consistency with the public interest.

ULTIMATE FINDINGS, CERTIFICATE AND ORDER

In Finance Docket No. 21478, the hearing examiner finds that, subject to the conditions requiring maintenance of existing open routes and gateways and services, joining in institution of new routes and services, elimination of dual basis of switch charges, coordination of use of certain trackage, coordination of certain interchange operations, routing of traffic, cancellation of certain contracts, amendment of certain contracts, protection of adversely affected railway employees, and retaining of jurisdiction herein to consider petitions to be included in the transactions herein, if any, subsequently filed by affected other railroads: (1) merger of the operations, properties and franchises, including the motor carrier operating rights, of Great Northern Railway Company, Northern Pacific Railway Company, and Pacific Coast R. R. Co., into Great Northern Pacific & Burlington Lines, Inc., for ownership, management and operation; (2) acquisition by Great Northern Pacific & Burlington Lines, Inc., of sole or joint control of carriers subsidiary to or affiliated with Great Northern Railway Company, Northern Pacific Railway Company and Pacific Coast R. R. Co., through ownership of stock; (3) acquisition by Great Northern Pacific & Burlington Lines, Inc., as successor in interest, of all leasehold rights, trackage rights, and joint ownership in or joint use of any railroad line or lines and terminals incident thereto possessed by Great Northern Railway Company, Northern Pacific Railway Company, and Pacific Coast R. R. Co.; (4) subsequent merger of the operations, properties and franchises, including the motor carrier operating rights of Chicago, Burlington & Quincy Railroad Company into Great Northern Pacific & Burlington Lines, Inc., for ownership, management and operation; (5) acquisition by Great Northern Pacific & Burlington Lines, Inc., of sole or joint control of carriers subsidiary to or affiliated with Chicago, Burlington & Quincy Railroad Company, through ownership of stock; (6) acquisition by Great Northern Pacific & Burlington Lines, Inc.,

of all leasehold rights, trackage rights, and joint ownership or in joint use of any railroad line or lines and terminals incident thereto possessed by Chicago, Burlington & Quincy Railroad Company; (7) subsequent transfer of the motor carrier operating rights of Great Northern Railway Company and Chicago, Burlington & Quincy Railroad Company to Great Northern Pacific & Burlington Lines, Inc.; (8) lease by Great Northern Pacific & Burlington Lines, Inc., of the lines of railroad and other properties owned, used, or operated by Spokane, Portland and Seattle Railway Company, for a term of ten years; and (9) acquisition by Great Northern Pacific & Burlington Lines, Inc., through said lease and during the term of said lease (a) of sole or joint control of carriers subsidiary to or affiliated with Spokane, Portland and Seattle Railway Company, and (b) of all leasehold rights and trackage rights and joint ownership in or joint use of any railroad line or lines and terminals incident thereto possessed by Spokane, Portland and Seattle Railway Company; upon the terms and conditions and such modifications above set forth, which terms and conditions and modifications, are found to be just and reasonable, constitute transactions within the scope of section 5(2)(a) of the Interstate Commerce Act, and will be consistent with the public interest.

In Finance Docket No. 21479, the hearing examiner finds, in connection with the transactions authorized in Finance Docket No. 21478, that issuance by Chicago, Burlington & Quincy Railroad Company of not exceeding $70,000,000 principal amount of its first and refunding 4 percent bonds, due August 1, 2010, to be sold to Great Northern Pacific & Burlington Lines, Inc., at par, plus accrued interest, if any, proceeds to be used for the purposes set forth herein, (a) is compatible with the public interest, is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

In Finance Docket No. 21479, the hearing examiner further finds that (1) issuance by Great Northern Pa-

cific & Burlington Lines, Inc., (a) of not exceeding 17,500,000 shares of common capital stock, without par value, (b) not exceeding 3,102,333 shares of preferred stock, par value of $10 each, and (c) not exceeding $71,500,000 principal amount series A consolidated mortgage 4 percent bonds, due October 1, 1984, (2) assumption by Great Northern Pacific & Burlington Lines, Inc., (a) of the obligations and liabilities of Great Northern Railway Company, Northern Pacific Railway Company and Pacific Coast R. R. Co., existing on the date of the Northern Lines merger, and in respect of certain securities and obligations of companies subsidiary to or affiliated therewith, including obligations which are contingently guaranteed by the said carriers either solely or jointly with other guarantors, (b) of the obligations and liabilities of Chicago, Burlington & Quincy Railroad Company existing on the date of the Burlington merger, and in respect of certain securities and obligations of companies subsidiary to or affiliated therewith, including obligations which are contingently guaranteed by the said carrier either solely or jointly with other guarantors, and (c) during the term of the lease, of the obligations and liabilities of Spokane, Portland and Seattle Railway Company, and companies subsidiary to or affiliated with, including obligations contingently guaranteed either solely by that carrier or jointly with others; (3) pledge by Great Northern Pacific & Burlington Lines, Inc., of $71,500,000 principal amount of its series A, consolidated mortgage 4 percent bonds, due October 1, 1984, as collateral security under Northern Pacific collateral trust indenture; (4) the proposed modification and alteration by Great Northern Pacific & Burlington Lines, Inc., of the status of the Northern Pacific collateral trust bonds through a supplemental indenture thereto which provides for assumption of Northern Pacific Railway Company's obligations under the Northern Pacific collateral trust indenture, proposed substitution of collateral for the elimination of certain provisions of the collateral trust indenture relating to substitution of collateral, and for grant of a right to the holders of the collateral trust bonds to direct the manner of voting the pledged series

A consolidated mortgage bonds is just and reasonable and (a) within the scope of paragraph 1 of section 20b of the Interstate Commerce Act, as amended (b) will be in the public interest, (c) will be in the best interest of applicant, of each class of its stockholders, and of holders of each class of its obligations affected by such modification or alteration, and (d) will not be adverse to the interest of any creditor of applicant nor affected by such modification or alteration; all in connection with the mergers and lease transaction authorized in Finance Docket No. 21478, upon the terms and conditions above set forth, are for a lawful object within the corporate purposes of Great Northern Pacific & Burlington Lines, Inc., and are (a) compatible with the public interest, is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

In Finance Docket No. 21480, the hearing examiner finds that the present and future public convenience and necessity (1) require construction and operation by Great Northern Pacific & Burlington Lines, Inc., as successor, of connecting lines of railroad and extensions of lines in Douglas County, Wis., Pine, Stearns, Wadena, Wilkins, Clay and Polk Counties, Minn., Cass and Grand Forks Counties, N. Dak., Lewis and Clark County, Mont., Bonner County, Idaho, Spokane, Whitman and King Counties, Wash., and Multnomah County, Oreg., as set forth in appendix A to this report; and (2) permit abandonment (a) by Great Northern Pacific & Burlington Lines, Inc., as successor, of portions of the lines of railroad of Great Northern Railway Company in Clay County, Minn., Lewis and Clark County, Mont., Spokane County, Wash.; and of portions of the lines of railroad of Northern Pacific Railway Company in Wilkins County, Minn., and Spokane County, Wash.; and (b) by Spokane, Portland and Seattle Railway Company, as lessor, in Spokane County, Wash., as set forth in appendix B to this report; all in connection with the mergers and lease transactions authorized in Finance Docket No. 21478.

Premises considered, it is the CERTIFICATE AND ORDER of the hearing examiner that:

In Finance Docket No. 21478, subject to the terms, conditions and modifications referred to herein, (a) the merger of the properties and franchises, including the motor carrier operating rights of Great Northern Pacific Railway Company, Northern Pacific Railway Company, and Pacific Coast R. R. Co., into Great Northern Pacific & Burlington Lines, Inc., for ownership, management and operation; (b) acquisition by Great Northern Pacific & Burlington Lines, Inc., of sole or joint control of carriers subsidiary to or affiliated with Great Northern Railway Company, Northern Pacific Railway Company, and Pacific Coast R. R. Co., through ownership of stock; (c) acquisition by Great Northern Pacific & Burlington Lines, Inc., as successor-in-interest, of all leasehold rights, trackage rights, and joint ownership in or joint use of certain lines of other railroads and terminals incident thereto possessed by Great Northern Railway Company, Northern Pacific Railway Company, and Pacific Coast R. R. Co.; (d) subsequent merger of the properties and franchises, including the motor carrier operating rights, of Chicago, Burlington & Quincy Railroad Company, into Great Northern Pacific & Burlington Lines, Inc., for ownership, management and operation; (e) acquisition by Great Northern Pacific & Burlington Lines, Inc., of sole or joint control of carriers subsidiary to or affiliated with Chicago, Burlington & Quincy Railroad Company, through ownership of stock; (f) acquisition by Great Northern Pacific & Burlington Lines, Inc., of all leasehold rights, trackage rights, and joint ownership in or joint use of certain lines of other railroads and terminals incident thereto possessed by Chicago, Burlington & Quincy Railroad Company; (g) lease by Great Northern Pacific & Burlington Lines, Inc., of the lines of railroad and other properties owned, used, or operated by Spokane, Portland & Seattle Railway Company, for a term of ten years; and (h) acquisition by Great Northern Pacific & Burlington Lines, Inc., through the lease and during the terms of said lease, (1) of sole or joint control of carriers subsidiary to or af-

filiated with Spokane, Portland and Seattle Railway Company, and (2) of all leasehold rights and trackage rights and joint ownership in or joint use of certain lines of railroad and terminals incident thereto possessed by Spokane, Portland and Seattle Railway Company, be, and they are hereby, approved and authorized.

In Finance Docket No. 21479, that the issuance by Chicago, Burlington & Quincy Railroad Company, prior to the effective consummation of its merger into Great Northern Pacific & Burlington Lines, Inc., of not exceeding $70,000,000 principal amount of its first and refunding 4 percent bonds ,due August 1, 2010, to be sold to Great Northern Pacific & Burlington Lines, Inc., at par, plus accrued interest, if any, and proceeds to be used upon the terms and for the purposes described, is for lawful objects within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier and which will not impair its ability to perform such service, and is reasonably necessary and appropriate for such purposes, be and it is hereby, authorized;

Further, That (a) the issuance by Great Northern Pacific & Burlington Lines, Inc., (1) of not exceeding 17,500,000 shares no par value common stock, (2) not exceeding 3,102,333 shares of $10 par value preferred stock, and (3) not exceeding $71,500,000 principal amount series A consolidated mortgage 4 percent bonds, due October 1, 1984, as shall be equal to the principal amount of the Northern Pacific refunding and improvement mortgage bonds then pledged under the Northern Pacific collateral trust indenture, pursuant to the aforesaid agreements of merger and lease, (b) the assumption by Great Northern Pacific & Burlington Lines, Inc., (1) of the obligations and liabilities of Great Northern Railway Company, Northern Pacific Railway Company, Pacific Coast R. R. Co., and Chicago, Burlington & Quincy Railroad Company existing on the dates of merger, including obligations of companies subsidiary to or affiliated with those companies, which are contingently guaranteed either solely by those companies, or jointly

with other guarantors, and (2) during the term of lease, the obligations and liabilities of Spokane, Portland and Seattle Railway Company, including obligations of companies subsidiary to or affiliated with the latter, which are contingently guaranteed either solely by Spokane, Portland and Seattle Railway Company, or jointly with other guarantors; (c) the pledge by Great Northern Pacific & Burlington Lines, Inc., of not exceeding $71,500,000 principal amount of its series A, consolidated mortgage 4 percent bonds, due October 1, 1984, as collateral trust indenture, in substitution for, and upon release from pledge of, an equal principal amount of Northern Pacific refunding and improvement bonds pledged under such collateral trust indenture, all upon the terms and for the purposes described, are for lawful objects within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier and which will not impair its ability to perform such service, and is reasonably necessary and appropriate for such purposes, be, and they are hereby, authorized;

Further, That (a) the proposed modification by Great Northern Pacific & Burlington Lines, Inc., and alteration of the status of the Northern Pacific collateral trust bonds through a supplemental indenture to the Northern Pacific collateral trust indenture, which provides for assumption of Northern Pacific Railway Company's obligations under the Northern Pacific collateral trust indenture, proposed substitution of collateral for the elimination of certain provisions of the collateral trust indenture relating to substitution of collateral, and for grant of a right to the holders of the collateral trust bonds to direct the manner of voting the pledged series A consolidated mortgage bonds, in the manner and form set forth in the application filed in Finance Docket No. 21479, as amended, and in the proposed supplemental indenture, all as described herein, are for lawful objects within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it

of service to the public as a common carrier and which will not impair its ability to perform such service, and is reasonably necessary and appropriate for such purposes, be, and they are hereby, authorized, contingent upon and concurrent with the consummation of the mergers and lease herein authorized, and (b) the Commission's order of October 13, 1954, in Finance Docket No. 18644, be, and they are hereby, modified accordingly;

Further, That, except as herein authorized, the aforesaid securities shall not be sold, pledged, repledged, or otherwise disposed of by Great Northern Railway Company, Northern Pacific Railway Company, Pacific Coast R. R. Co., Chicago, Burlington & Quincy Railroad Company, and Spokane, Portland and Seattle Railway Company, or by Great Northern Pacific & Burlington Lines, Inc., unless or until so ordered or approved by the Commission;

In Finance Docket No. 21480, it is certified that the present and future public convenience and necessity (a) require construction and operation by Great Northern Pacific & Burlington Lines, Inc., as successor, of connecting lines of railroad and extensions of lines of railroad in Douglas County, Wis., Pine, Stearns, Wadena, Wilkins, Clay and Polk Counties, Minn., Cass and Grand Forks Counties, N. Dak., Lewis and Clark County, Mont., Bonner County, Idaho, Spokane, Whitman and King Counties, Wash., and Multnomah County, Oreg.; and (b) permit abandonment (1) by Great Northern Pacific & Burlington Lines, Inc., as successor, to portions of the lines of railroad of Great Northern Railway Company, in Clay County, Minn., Lewis and Clark County, Mont., Spokane County, Wash.; and of Northern Pacific Railway Company in Wilkins County, Minn., and Spokane County, Wash.; and (2) by Spokane, Portland and Seattle Railway Company, as lessor, in Spokane County, Wash.; all in connection with the mergers and lease, as described herein; *Provided, however*, That this certificate is issued subject to the express condition that the construction authorized shall be commenced on or before January 1, 1965, and completed on or before January 1, 1966, and to the further condition that the segments

of lines authorized to be abandoned may not be abandoned prior to the commencement of operation over the segments of lines authorized to be constructed;

Further, That Great Northern Pacific & Burlington Lines, Inc., shall not issue any shares of stock herein authorized until the proposed amendment to its certificate of incorporation providing for the reclassification and increase of its capital stock shall have been made effective, and a copy thereof, duly certified by an appropriate public officer, shall be filed with this Commission within 10 days after it is made effective;

Further, That except as herein authorized, said securities shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless or until so ordered or approved by this Commission;

Further, That Great Northern Pacific & Burlington Lines, Inc., shall report to the Commission in writing, the commencement and completion of the construction hereinbefore authorized within 15 days after such commencement and completion, respectively.

Nothing herein shall be construed to imply any guaranty or obligations as to said securities, or interest or dividends thereon on the part of the United States.

The Chicago, Burlington & Quincy Railroad Company and the Great Northern Pacific & Burlington Lines, Inc., shall report concerning the matters involved herein in conformity with the orders of the Commission, Division 4, dated August 9, 1946, as amended, respecting applications filed under section 20a of the Interstate Commerce Act (49 CFR 56.4 and 56.6).

Great Northern Pacific & Burlington Lines, Inc., when establishing changes in tariffs, rates and charges as may be required in effectuation of transactions approved herein may do so upon notice to this Commission and to the general public by not less than 10 days' filing and posting in the manner prescribed in section 6 of the Interstate Commerce Act, and shall in schedules making such changes refer to this order by date and docket number.

If the authority herein granted is exercised, Chicago, Burlington & Quincy Railroad Company, Great Northern

Pacific & Burlington Lines, Inc., shall submit for consideration and approval three copies of the journal entries required to record the transactions.

Unless the authority herein granted is exercised within one year from the effective date hereof, this order shall be of no force and effect.

Recital of balance sheet and other financial data in the report shall not be construed as approving accounting methods which have been followed or expenditures represented thereby.

The authority herein granted shall not be exercised prior to the date of service of a notice or order stating that his recommended order has become the order of the Commission.

By the Commission, Robert H. Murphy, Hearing Examiner.

Dated at Washington, D. C., this 1st day of August, A. D. 1964.

HAROLD D. MCCOY
Secretary

(SEAL)

APPENDIX A

Description of extensions of lines of railroad to permit economical and efficient operation of properties sought to be unified under section 5(2) of the Act in F. D. 21478, for which authority to construct and operate is sought under sections 1(18) to 1(20) of the Act in F. D. 21480:

(1) Connecting track, approximately 1,460 feet in length, extending between N. P. Milepost 8.73 and G. N. Milepost 8.03, at Superior, Douglas County, Wis.

(2) Connecting track, approximately 2,260 feet in length, extending between N. P. Milepost 74.91 and G. N. Milepost 72.63, at Hinckley, Pine County, Minn.

(3) Connecting track, 303 feet in length, extending between G. N. Milepost 117.62 and N. P. Milepost 37.08, at Sauk Centre, Stearns County, Minn.

(4) Connecting track, 835 feet in length, extending between N. P. Milepost 165.32 and G. N. Milepost 56.04, at Wadena, Wadena County, Minn.

(5) Connecting track, 1,375 feet in length, extending between N. P. Milepost 73.46 on the Wadena, Minn.-Oakes, N. D., branch line and G. N. Milepost 213.38 on the St. Paul, Minn.-Seattle, Wash., main line of Great Northern, at Breckenridge, Wilkin County, Minn.

(6) Connecting track, 2,035 feet in length, extending between Great Northern Fargo-Minot main line at G. N. Milepost 24.7 and existing Great Northern yard trackage in 22nd Street, at Fargo Cass County, N. Dak.

(7) Connecting track, 1,800 feet in length, extending between N. P. Milepost 5.59 and G. N. Milepost 21.59, at Moorhead, Clay County, Minn.

(8) Connecting track, 1,480 feet in length, extending between G. N. Milepost 42.33 on Great Northern Wahpeton-Moorhead main line and G. N. Milepost 21.18 on Great Northern St. Cloud-Moorhead, Minn., main line at Moorhead, Clay County, Minn.

(9) Connecting track, 1,550 feet in length, extending between G. N. Milepost 21.18 and N. P. Milepost 5.59, at Moorhead, Clay County, Minn.

(10) Connecting tract, 1,365 feet in length, extending between N. P. Milepost 69.54 on the Northern Pacific Crookston-Grand Forks branch lines and G. N. Milepost 83.38 on the Great Northern Crookston-Grand Forks main line, at Crookston, Polk County, Minn.

(11) Connecting track, 1,415 feet in length, extending between G. N. Milepost 1.24 on Great Northern Grand Forks-Grafton branch line and N. P. Milepost 96.44 on Northern Pacific Grand Forks-Grafton branch line, at Grand Forks, Grand Forks County, N. Dak.

(12) Connecting track, 700 feet in length, extending between G. N. Milepost 1.4 in Great Northern Grand Forks-Grafton branch line and N. P. Milepost 96.68 on Northern Pacific Grand Forks branch line, at Grand Forks, Grand Forks County, N. Dak.

(13) Connecting track, 5,550 feet in length, extending between G. N. Milepost 105.82 on Great Northern Grand Forks-Crookston line and N. P. Milepost 93.75 on Northern Pacific Grand Forks-Crookston line, at East Grand Forks, Polk County, Minn.

(14) Connecting track, 2,020 feet in length, extending between N. P. Milepost 27.95 on Northern Pacific main line and G. N. Milepost 54.24 on Great Northern Breckenrige-Minot main line, at Casselton, Cass County, N. Dak.

(15) Connecting track, 4,615 feet in length, extending between G. N. Milepost on Great Northern Great Falls-Butte line and N. P. Milepost 2.85 on Northern Pacific main line, at Helena, Lewis and Clark County, Mont.

(16) Connecting track, 2,600 feet in length, extending between N. P. Milepost 2.51 on Northern Pacific main line and connecting track described in (15) above, at Helena, Lewis and Clark County, Mont.

(17) Connecting track, 3,309 feet in length, extending

between G. N. Milepost 1401.66 on Great Northern main line and present transfer track at Sandpoint, Bonner County, Idaho.

(18) Connecting track, 2,338 feet in length, extending between N. P. Milepost 2.50 on Northern Pacific main line and present transfer track, at Sandpoint, Bonner County, Idaho.

(19) Connecting track, 6,568 feet in length, extending between N. P. Milepost 1.18 on Northern Pacific main line on westerly side of Spokane, and SP&S Mileposts 374.72 and 375.17 wye connections, including construction of bridge over Latah Creek, at Spokane, Spokane County, Wash.

(20) Connecting track, 2,540 feet in length, extending between G. N. Milepost 1497.94 on Great Northern main line and N. P. Milepost 13.75 on Northern Pacific Washington Central branch line, near Espanola, Spokane. Wash.

(21) Connecting track, 2,700 feet in length, extending between SP&S Milepost 368.66 and Northern Pacific Milepost 8.86, at Marshall, Spokane County, Wash.

(22) Connecting track, 880 feet in length, extending between N. P. Milepost 26.89 on Northern Pacific branch line and G. N. Milepost 45.75 on Great Northern Colfax branch, at Rosalia, Whitman County, Wash.

(23) Connecting track, 4,400 feet in length, extending between N. P. Milepost 89.17 on Northern Pacific main line and Pacific Coast R. R. branch line at Milepost 27.34, at Henry's, King County, Wash.

(24) Connecting track, 2,320 feet in length, extending between N. P. Milepost 5.09 on joint NP-SP&S main line and SP&S Milepost 139.45, at Willbridge, Mutnomah County, Oreg.

APPENDIX B

Description of portions of existing lines of railroad for which authority to abandon is sought under sections 1(18) to 1(20) of the Act, contingent upon consummation of transactions for which authority is sought under section 5(2) of the Act in F. D. 21478:

(1) Removal of 1,649 feet of track, extending between N. P. Milepost 73.15 and N. P. Milepost 73.46 on Northern Pacific branch line Wadena-Oakes, at Breckenridge, Wilkin County, Minn., after construction of connecting track for which authority is sought as described in paragraph (5) of Appendix A.

(2) Removal of approximately 2,000 feet of track, extending between G. N. Milepost 42.33 and G. N. Milepost 42.71 on Great Northern line between Wahpeton and Moorhead, at Moorhead, Clay County, Minn., after construction of connecting track for which authority is sought as described in paragraph (8) of Appendix A.

(3) Removal of approximately 10,404 feet of track, extending between G. N. Milepost 210.44 and G. N. Milepost 212.41 on Great Northern Great Falls-Butte line, at Helena, Lewis and Clark County, Mont., after construction of connecting tracks for which authority is sought as described in paragraphs (15) and (16) of Appendix A.

(4) Removal of approximately 18,543 feet of track, extending between G. N. Milepost 1477.79 and G. N. Milepost 1479.35 on Great Northern main line, at Spokane, Spokane County, Wash., after construction of connecting track for which authority is sought as described in paragraph (19) of Appenrix A.

(5) Removal of approximately 1,300 feet of track, extending between SP&S Milepost 376.89 and SP&S Milepost 376.63, at Fort Wright, Spokane County, Wash., after construction of connecting track for

which authority is sought as described in paragraph (19) of Appendix A.

(6) Removal of approximately 7.7 miles of line extending between N. P. Milepost 1.18 and N. P. Milepost 8.86 on Northern Pacific Main Line, between Spokane and Marshall, Spokane County, Wash., after construction of connecting track for which authority is sought as described in paragraphs (19) and (21) of Appendix A.

(7) Removal of approximately 4,000 feet of connecting track, between N. P. Milepost 8.90 and SP&S Milepost 367.50, at Scribner, Spokane County, Wash., after removal of track described in (5) above.

APPENDIX C

INTERVENERS

Railroads:

The Atchison, Topeka and Santa Fe Railway Co.
Chicago, Milwaukee, St. Paul and Pacific Railroad Co.
Chicago and North Western Railway Co.
Chicago, Rock Island and Pacific Railroad Co.
Soo Line Railroad Co.
Southern Pacific Co.
Union Pacific Railroad Co.
The Western Pacific Railroad Co.

Shipper and Shipper Associations:

Berman Lumber Company, New Castle, Wyo.
Broderick Wood Products Company, Denver, Colo.
Cargill, Incorporated, Minneapolis, Minn.
Gaines Hardwood Lumber Co., St. Louis, Mo.
Husky Oil Company, Cody, Wyo.
Kratt Lumber Co., La Crosse, Wis.
Missouri Farmers Association, Inc., Columbia, Mo.
Nebraska Lumber Merchants Association, Lincoln, Nebr.
Omaha Grain Exchange, Omaha, Nebr.
Lillian Widmyer, Seattle, Wash.
Zonolite Company, Chicago, Ill.
Alaska Copper Companies, Inc., Seattle, Wash., and 92 others, jointly.
Red River Valley Potato Growers Assn., E. Grand Forks, N. Dak.
Van Waters & Rogers, Inc., Seattle, Wash.
Washington-Oregon Shippers Cooperative Assn. Inc., Seattle, Wash., and 56 others, jointly.
Whatcom County Traffic & Rates Bureau Assn. Inc., Bellingham, Wash., and 79 others, jointly.
Southwest Oregon Shippers' Traffic Association, Rosebud, Oreg.
Wisconsin Manufacturers' Association, Madison, Wis.
Wheat Producers Transportation Committee, Denver, Colo.

Others:

Alliance (Nebr.) Chamber of Commerce.
Billings (Mont.) Traffic Bureau.
Chicago (Ill.) Association of Commerce and Industry.
Everett (Wash.) Chamber of Commerce.
Minneapolis (Minn.) Traffic Association.
Missouri, State of.
Nebraska, State of.
North Idaho Economic Development Association, Inc.
Omaha (Nebr.) Chamber of Commerce.
Quincy (Ill.) Chamber of Commerce.
St. Paul (Minn.) Area Chamber of Commerce.
Province of British Columbia (Canada).
Fargo (N. Drk.) Chamber of Commerce.
Grand Forks (N. Dak.) Chamber of Commerce.
Iowa State Commerce Commission.
Northern Pacific Stockholders' Protective Committee.
Port of Tacoma (Wash.)
Public Service Commission, State of North Dakota.
Seattle (Wash.) Chamber of Commerce.
Seattle (Wash.) Traffic Association.
Tacoma (Wash.) Chamber of Commerce.
General Committee of Adjustment, Brotherhood of Locomotive Engineers, Milwaukee Road, Lines East.
Joint Council, Dining Car Employees Union, Local 385, AFL-CIO.
Michigan Public Service Commission.
Milwaukee Road Mechanical Foreman's Association, Inc.
Public Service Commission of Wisconsin.
Railroad Yard Masters of America, Local Lodge 92.
South Dakota, State of.
Public Utilities Commission of the State of South Dakota.
Auburn (Wash.) Chamber of Commerce.
Auburn (Wash.) City of.
Ed Benedict, Portland, Oreg.
Board of Railroad Commissioners of the State of Montana.
Breckenridge (Minn.), City of.

Brotherhood of Railroad Trainmen, General Grievance Committee Milwaukee Road, Lines East.
Clark County (Wash.) Anti-Merger Association.
Duluth (Minn.), City of.
Duluth (Minn.) Volunteer Committee Opposing Merger.
Orville L. Freeman, Secretary of Agriculture of the United States.
Jamestown (N. Dak.), City of.
Livingston (Mont.) Anti-Merger Committee.
Mandan (N. Dak.), City of.
Minneapolis (Minn.), City of.
Minnesota, State of.
Missoula (Mont.) Civic Group.
Montana State AFL-CIO.
Public Utility Commissioner of Oregon.
Railroad and Warehouse Commission of the State of Minnesota.
Railway Labor Executives' Association.
St. Paul (Minn.), City of.
Seattle (Wash.) Improvement Council.
Spokane (Wash.) Anti-Merger Association.
Sumner (Wash.), City of.
Superior (Wis.), City of.
United States Department of Justice.
Washington, State of.

APPENDIX D

TRACKAGE RIGHTS PROPOSED TO BE ACQUIRED BY GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC.

Name of Carriers, Date & Term of Contract	Termini	Miles of Railroad
A. From Great Northern		
1. Northern Pacific Term Co. of Oregon and SP&S; February 1, 1933; indefinite.	Portland Ore.[a]	.91
2. Union Pacific R. R. Co., and Oregon-Washington R.R. & Navigation Co.; September 26, 1950; indefinite.	Spokane to Fairfield, Wash.	32.33
3. Union Pacific R. R. Co., Oregon-Washington R. R. & Navigation Co., and C.M.St. P.&P.R.R.Co.; May 27, 1952.	Dishman, Wash.	.23
4. The Lake Superior Term & Transfer Ry. Co.; October 15, 1883; [b] indefinite.	Superior, Wis.[a]	.78
5. The St. Paul Union Depot Co. et al.; December 16, 1916; 99 years.	St. Paul, Minn.[a]	.60
6. The Duluth Union Depot & Transfer Co.; June 1, 1905; indefinite.	Duluth, Minn.[a]	.23
7. C.M.St.P.&P.R.R.Co.; November 21, 1952; indefinite.	East Junction to West Junction at Sioux Falls, S. Dak.	1.92
8. C.M.St.P.&P.R.R.Co., January 25, 1945; in perpetuity.	(1) Spokane Bridge, Wash. to Post Falls, Idaho, (2) Huetter to Atlas, Idaho. (3) Coeur d'Alene, Idaho.	.15
9. D.M.&I.Ry.Co.; October 27, 1959; in perpuity.	Emmert to Virginia, Minn.	25.42
10. D.M.&I.Ry.Co.; March 1, 1922; 99 years.	Holman to Coleraine, Minn.	4.71

[a] Includes joint use of passenger stations.

[b] Covered by Articles of Incorporation of The Lake Superior Term. & Transfer Railway Co.

Name of Carriers, Date & Term of Contract	Termini	Miles of Railroad
A. From Great Northern (Cont'd)		
11. D.M.&I.Ry.Co., November 29, 1950; indefinite.	Chisholm, Minn.	1.02
12. McCloud River R.R.Co., and The Western Pacific; February 26, 1960; 100 years.	Hambone, Calif.	.63
13. Oregon Trunk Ry. and Northern Pacific Ry. Co.; Oregon Trunk Ry., December 31, 1923; 99 years.	Bend, Ore.	1.13
	(1) Wishram, Wash., to South Junction, Ore., and	
	(2) Metolius, Ore., to Bend, Ore.	126.80
14. Des Chutes R.R. Co.; May 1, 1928; 99 years.	South Junction, Ore., to Metolius, Ore.	24
15. Southern Pacific Co., and lessor Central Pacific Ry. Co., November 18, 1927; 100 years.	Chemult, Ore., to Klamath Falls, Ore.	75.29
16. Soo Line R.R. Co.; July 5, 1955; in perpetuity.	(1) Schley to Bemidji, Minn.	24.29
	(2) Aberdeen Line Junction to Hankinson, Minn.	29.40
17. Soo Line R. R. Co.; September 18, 1959; in perpetuity.	(1) Lignite, to Crosby, N.Dak.	32.59
	(2) Hankinson to Geneseo, N. Dak.	15.56
18. C.M.St.P.&P.R.R.Co., May 17,1938; in perpetuity.	(1) Emerson Junction West Great Falls to Dracut Junction, Mont.	14.01
	(2) Eastham Junction to Choteau Junction, Mont.	6.86
	(3) Hanover to Lewiston, Mont.	9.17
B. From Northern Pacific		
1. Lake Superior Term. & Transfer Ry. Co.[b] October 15, 1883; indefinite.	Superior, Wis.[a]	.32 (main line) .78 (branch line)

[a] Includes joint use of passenger stations.

[b] Covered by Articles of Incorporation of The Lake Superior Term. & Transfer Railway Co.

Name of Carriers, Date & Term of Contract	Termini	Miles of Railroad
B. From Northern Pacific (Cont'd)		
2. The Duluth Union Depot & Transfer Co.; August 27, 1890; 99 years.	Duluth, Minn.[a]	.28
3. Soo Line R.R. Co.; February 1, 1913; 99 years.	Trout Brook Junction to Gloster, Minn.	2.96
4. The St. Paul Union Depot Co.; December 18, 1916; 99 years.	St. Paul, Minn.	.57
5. Chicago & North Western Ry. Co.; November 1, 1894; 90 years.	Minneapolis, Minn.	1.57
6. Soo Line R.R.Co.; April 15, 1929; 99 years.	Between Deerwood, Trommald and Riverton, Minn.	20.87
7. Soo Line R.R.Co.; July 1, 1910; in perpuity.	Bemidji, Minn.	.10
8. CNW Ry. Co.; November 25, 1908; indefinite.	Oakes, N. Dak.	.06
9. CNW Ry.Co.; February 9, 1948; in perpetuity.	Oakes, N. Dak.	.03
10. C.M.St.P.&P.R.R.Co.; May 20, 1903; in perpetuity.	Linton, N. Dak.	.55
11. C.M.St.P.&P.R.R.Co.; January 20, 1934, in perpetuity.	St. Regis to Haugen, Mont.	18.48
12. Oregon-Washington R.R. & Navigation Co. and Union Pacific R.R. Co.; June 14, 1938; in perpetuity.	(1) between Wallace, Idaho, and Burke, Idaho. (2) At Wallace and Burke, Idaho.	6.21 .18
13. Oregon-Washington R.R. & Navigation Co., Union Pacific R.R. Co., and Clearwater Short Line Ry. Co.; September 1, 1909; 999 years.	Riparia, Wash., to Lewiston, Idaho.	71.46
14. Oregon-Washington R.R. & Navigation Co. and C.M.St. P.&P.R.R.Co.,July 31, 1911; 999 years.	(1) Aberdeen to Hoquiam, Wash. (2) Aberdeen to South Aberdeen, Wash. (3) Cosmopolis, Wash.	.64 .70 .45
15. Simpson Timber Co.; October 30, 1942;	McCleary, Wash.	.09
16. Simpson Timber Co.; October 18, 1948; indefinite.	Shelton, Wash.	.10

Name of Carriers, Date & Term of Contract	Termini	Miles of Railroad
B. From Northern Pacific (Cont'd)		
17. Oregon-Washington R.R. & Navigation Co. and Union Pacific R.R. Co.; December 4, 1951; perpetual.	(1) Attalia, Wash. (2) Attalia, Wash. (3) Villard Junction to Wallula, Wash. (4) Wallula Junction to Zangar Junction, Wash.	.18 .13 3.53 1.85
18. Longview, Portland & Northern Ry. Co.; May 9, 1960, perpetual.	Rye, Wash.	.61
19. SP&S: October 1, 1909; in perpetuity.	Pasco to Snake River Junction, Wash.	24.88
20. Pacific States Lumber Co., & C.M.ST.P.&P.R.R.Co.; March 10, 1934; indefinite.	Selleck, Wash.	.27
21. C.M.St.P.&P.R.R.Co.; January 5, 1933; indefinite.	(1) Bayne to Kanaskat, Wash. (2) Kanaskat Junction, Wash.	2.80 .08
22. Union Pacific R.R. Co.; November 6, 1947; indefinite	Kennewick to Richland Junction, Wash.	4.67
23. U.S.A. (U.S. Atomic Energy Commission); November 6, 1947; indefinite.	Richland Junction to Richland, Wash.	10.12
24. Northern Pacific Term. Co.; December 31, 1932; 25 years and thereafter terminated on 1 year's written notice.	Portland, Ore.[a]	.91
25. Oregon-Washington R.R. & Navigation Co. & Union Pacific R.R. Co.; May 2, 1936; indefinite.	Pendleton, Ore.	2.01
26. SP&S and Oregon-Washington R.R. & Navigation Co.; July 1, 1909; 999 years. Great Northern Ry. Co. & SP&S: December 1, 1909; indefinite.	Vancouver Junction to Ore.-Wash. State Line Vancouver Junction, Wash., to Willbridge, Ore.	.17 3.42

[a] Includes joint use of passenger station.

Name of Carriers, Date & Term of Contract	Termini	Miles of Railroad
C. From Burlington		
1. Atchison Bridge Co., Inc.; June 25, 1930; expires December 31, 1975.	Between Atchison, Kans., and Winthrop, Mo., including Missouri River Bdg.	.35
2. Atchison Union Depot Co. et al.; August 10, 1935; indefinite.	Atchison, Kans.	.09
3. B&O R.R.Co.; August 5, 1913; indefinite.	Shattuc, to East St. Louis, Ill.	54.20
4. CNW R.R. Co.; May 31, 1869, indefinite.	Agnew to Sterling, Ill.	4.91
5. CNW R.R. Co., October 1, 1922; indefinite.	Sioux City, Iowa to South Sioux City, Nebr.	3.70
6. CNW R.R.Co.; April 9, 1926; indefinite.	Earlville, Ill.	.60
7. CNW R.R. Co.; September 9, 1926; indefinite.	Sioux City Bridge and connecting track at Ferry, Nebr.	.03
8. C&EI Ry. Co.; June 1, 1910; indefinite.	Nielson to West Vienna, Ill.	15.79
9. CGW Ry. Co.; April 30, 1937; indefinite.	South Des Moines, Bridge Junction to Burch, Iowa	2.4
10. CGW Ry. Co.; August 3, 1944; indefinite.	Burch to Talmadge, Iowa	50.98
11. CGW Ry. Co.; January 1, 1954; expires January 1, 1978.	Leavenworth, Kans., to Stillings, Mo.	1.73
12. C.M.St.P.&P.R.R.Co.; May 28, 1902; indefinite.	St. Croix to St. Paul, Minn.	17.96
13. CRI&P R.R.Co.; September 1, 1959; 25 yrs.	Burlington to Mediapolis, Iowa	15.38
14. CRI&P R.R. Co.; June 1, 1886; indefinite.	Clinton, Iowa	1.66
15. CRI&P R.R. Co; April 20, 1953 indefinite.	Almena to Delvale, Kans.	18.16
16. Chicago Union Station Co., et al.; July 2, 1915; expires July 3, 1963.	Chicago, Ill.	.76

Name of Carriers, Date & Term of Contract	Termini	Miles of Railroad
C. From Burlington (Cont'd)		
17. Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.; June 1, 1916; Expires September 11, 1966.	East Alton to East St. Louis, Ill.	19.55
18. C&S Ry. Co.; November 29, 1889, 999 years.	Utah Junction to Burns Junction, Colo.	11.40
19. C&S Ry. Co.; October 1, 1910; indefinite.	Cheyenne, Wyo.	1.26
20. C&S Ry. Co.; May 23, 1957; 10 years.	Prospect (Denver), Colo.	.30
21. C&S Ry. Co.; June 16, 1949; expires March 21, 1999	Prospect (Denver) to Utah Junction, Colo.	2.50
22. Davenport, Rock Island & North Western RY.	Clinton, Iowa to East Moline, Ill.	.41
23. Davenport, Rock Island & North Western Ry. Co.; April 12, 1898; expires April 12, 1997.	Rock Island, Ill.	.72
24. Denver Union Term. Ry. Co. et al., March 2, 1914; expires year 2013.	Denver, Colo.	.64
25. GM&O R.R. Co; December 20, 1948; indefinite.	Francis to Kansas City, Mo.	159.04
26. Illinois Central R.R. Co.; February 25, 1889, indefinite.	Track and bridge between Dubuque, Iowa, and East Dubuque, Ill.	.68
27. IC R.R.Co.; June 21, 1933; indefinite.	Covering increased or additional use of track at Dubuque, Iowa, covered in item 26 above.	
28. IC R.R. Co.; February 25, 1889, indefinite.	Portage Curve to East Dubuque, Ill.	12.85
29. Illinois Terminal R.R. Co.; May 12, 1916; expires May 22, 1972.	Alton to North Wood River, Ill.	4.75
30. Kansas City Term. Ry. Co. et al.; June 12, 1930; 250 years.	Kansas City, Mo.	7.49

	Name of Carriers, Date & Term of Contract	Termini	Miles of Railroad
	C. From Burlington (Cont'd)		
31.	Missouri & Illinois Bridge & Belt Ry. Co.; August 1, 1906; indefinite.	Track and bridge Alton, Ill., to West Alton, Mo.	2.51
32.	Mo. Pac. R.R. Co.; December 15,1951, after January 1, 1962, on one year's notice.	Kansas City, Mo.	.17
33.	Paducah & Illinois R.R. Co., L&N, IC and CB&Q; November 1, 1959; expires June 30, 1985.	Metropolis, Ill., to Paducah, Ky.	12.50
34.	St. Paul Union Depot Co. et al.; December 18, 1916, 99 years.	St. Paul, Minn.	.41
35.	South Omaha Term. R.R. Co.; August 1, 1949; expires August 1, 1999.	South Omaha, Nebr.	.41
36.	Term. R.R. Assn. of St. Louis; December 16, 1902; indefinite.	St. Louis, Mo.	17.99
37.	Term. R.R. Assn. of St. Louis; January 12 and 24, 1924; indefinite.	Granite City to Willows, Ill.	5.16
38.	Union Pacific R.R. Co.; March 1, 1920; expires December 31, 1988.	Track and bridge Council Bluffs, Iowa, to Omaha, Nebr.	2.73
39.	Union Pacific R.R. Co.; August 7, 1900; expires June 30, 1999.	Gilmore Junction to South Omaha, Nebr.	4.54
40.	Union Pacific R.R. Co.; May 28, 1951; expires September 15, 2000.	Sterling to Union, Colo.	23.67
41.	Union Pacific R. R. Co. and SP&S; August 3, 1922; expires November 1, 2015.	Denver, Colo.	.06
42.	Wabash R.R. Co.; August 31 1933; indefinite.	Hamilton to Tracy, Iowa	8.38
43.	Wabash R.R. Co.; September 14, 1950; 99 years.	Missouri City Junction (Maxwell), Mo.	16.04

Name of Carriers, Date & Term of Contract	Termini	Miles of Railroad
C. From Burlington (Cont'd)		
44. Wabash R.R. Co.; July 11, 1951; indefinite.	East Hannibal to Hulls, Ill.	9.64
45. Wabash R.R. Co.; October 8, 1905; indefinite.	Harlem to Birmingham, Mo.	8.22
46. Winona Bridge Ry. Co.; September 14, 1938.	East Winona, Wis. to Winona, Minn.	.98
47. The Colorado & Southern Ry. Co.; October 18, 1916; indefinite.	Orin Junction to Wenover, Wyo.	30.92
48. St. Louis Merchants Bridge Term. Ry. Co.; May 10, 1904; indefinite.	St. Louis, Mo.	.49
D. From SP&S (Through Lease)		
1. Northern Pacific Ry. Co., and Great Northern Ry. Co.; October 19, 1910; indefinite.	(1) Marshall junction to Yardley, Wash. (2) Fort Wright to Hillyard, Wash.	.12 7.13
2. Northern Pacific Ry. Co., December 24, 1910; 99 years.	Kennewick to a point east of Pasco, Wash.	5.8
3. Northern Pacific Ry. Co.; and Great Northern Ry. Co.; December 1, 1909; 999 years.	Portland to Willbridge, Ore.	3.56
4. Northern Pacific Term, Co., Northern Pacific Ry. Co., Oregon-Washington R.R. & Navigation Co., and Southern Pacific Co.; December 31, 1932; indefinite.	Portland, Ore.	.91
5. Northern Pacific Ry. Co., and Oregon-Washington R.R. & Navigation Co.; July 1, 1909; Great Northern Ry. Co., and Northern Pacific Ry. Co.; July 1, 1909; Great Northern Ry. Co., and Northenr Pacific Ry. Co.; December 1, 1909, 999 years.	Vancouver Junction, Wash., to Willbridge, Ore.	1.81

Name of Carriers, Date & Term of Contract	Termini	Miles of Railroad
C. From Burlington (Cont'd)		
6. Northern Pacific Ry. Co., and Great Northern Ry. Co.; December 1, 1909; 999 years.	Washington-Oregon State Line to Willbridge, Ore.	1.96
E. From Pacific Coast		
None		

APPENDIX E

Measure of control or ownership exercised by applicants over carriers subject to the Act, and other significant companies as of December 31, 1961:

Great Northern

Carrier	Extent of Control or Ownership (Percent)
Great Northern Pipe Line Company	100.00
Superior & Duluth Transfer Company	100.00
Pacific Coast R.R. Co.	100.00
Oregon, California & Eastern Railway Company	50.00
Spokane, Portland and Seattle Railway Company	50.00
Chicago, Burlington & Quincy Railroad Company	48.59
The Lake Superior Terminal & Tfr. Ry. Co.	33.33
The Saint Paul Union Depot Company	12.50
The Minnesota Transfer Railway Company	11.11
Railway Express Agency, Inc.	1.50
The Pullman Company	1.46
Transportation service companies:	
Great Northern Equipment Company	100.00
Western Fruit Express Co.	100.00
Great Northern Pacific & Burlington Lines, Inc.	50.00
Trailer Train Company	2.70
Midland Railway Company of Manitoba *	50.00
Other significant companies:	
Cuyuna Realty Company	100.00
Lemhi Telephone Company	100.00
Missabe Realty Company	100.00

Burlington

Carrier:	
Burlington Truck Lines, Inc.	100.00
Missouri and Illinois Bridge and Belt Ry. Co.	81.82
The Colorado and Southern Railway Company	74.72

* Canadian Rail carrier-not subject to the Act.

Burlington (Cont'd)

	Extent of Control or Ownership (Percent)
Winona Bridge Railway Company	66.66
Davenport, Rock Island and Northwestern Ry. Co.	50.00
Keokuk Union Depot Company	40.00
Saint Joseph Union Depot Company	40.00
Atchison Union Depot and Railroad Company	37.50
Paducah and Illinois Railroad Company	33.33
Chicago Union Station Company	25.00
Illinois Northern Railway Company	25.00
Iowa Transfer Railway Company	20.00
The Denver Union Terminal Railway Company	16.66
The Saint Paul Union Depot Company	12.50
The Minnesota Transfer Railway Company	11.11
Illinois Terminal Railroad Company	9.09
Kansas City Terminal Railway Company	8.33
The Belt Railway Company of Chicago	7.69
Gulf, Mobile & Ohio Railroad Company	6.59
Terminal Railroad Association of St. Louis	6.25
Railway Express Agency, Inc.	2.70
The Pullman Company	2.42
Transportation service companies:	
Burlington Refrigerator Express Company	100.00
Packers Car Line Company	19.18
Trailer Train Company	2.70
Other significant companies:	
Duluth & Superior Bridge Company	100.00
Glacier Park Company [a]	100.00

[b] As of this date held beneficially for Great Northern 175,000 shares (or 9.6 percent) of Western Pacific Railroad Company.

[c] The Colorado and Southern Railway Company owns all the outstanding capital stock of Fort Worth and Denver Railway Company.

Carrier	Extent of Control or Ownership (Percent)
Northern Pacific	
Walla Walla Valley Railway Company	100.00
Duluth Union Depot and Transfer Company	100.00
Northern Pacific Transport Company	100.00
Camas Prairie Railway Company	50.00
Spokane, Portland and Seattle Railway Company	50.00
Chicago, Burlington & Quincy Railroad Company	48.59
The Northern Pacific Terminal Company of Ore.	40.00
The Lake Superior Terminal & Tfr. Ry. Co.	33.33
The Saint Paul Union Depot Company	12.50
The Minnesota Transfer Railway Company	11.11
Butte Pipe Line Company	10.00
The Pullman Company	1.51
Railway Express Agency, Inc.	1.20
Transportation service companies:	
Great Northern Pacific & Burlington Lines, Inc.	50.00
Trailer Train Company	2.70
Midland Railway Company of Manitoba [c]	50.00
Other significant companies:	
Burlington Equipment Company	100.00
St. Louis & Kansas City Land Company [d]	100.00
Denver Market & Produce Terminal, Inc.	20.00
SP&S	
Oregon Trunk Railway	100.00
Oregon Electric Railway Company	100.00
Railway Express Agency, Inc.	.10
Other:	
Ruth Realty Company	100.00

[d] As of this date it held beneficially for Burlington 100,200 shares, or 1.58 percent of the common capital stock of the Denver and Rio Grande Western Railroad Company.

APPENDIX F

OFFICERS AND/OR DIRECTORS OF TRUSTEES OF APPLICANTS

Name	Officer position	Director
NEW COMPANY		
Robert S. Macfarlane	Chairman of the Board	Yes
H. C. Murphy	Vice Chairman of the Board	Yes
John M. Budd	President	Yes
Russell H. Dick	Treasurer	No
B. A. Henry	Secretary	No
BURLINGTON		
H. C. Murphy	President	Yes
F. L. Kartheiser	Vice President, Executive Dept.	No
Eldon Martin	Vice President, General Counsel	No
G. R. Glover	Vice President, Traffic Dept.	No
E. L. Potarf	Vice President, Operating Dept.	No
J. E. Wolfe	Vice President, Personnel	No
R. C. Smith	Comptroller	No
R. W. Coglan	Treasurer, Assistant Secretary	No
A. D. McLane	Secretary, Assistant Treasurer, Tfr. Agt.	No
John M. Budd	None	Yes
Kenneth F. Burgess	None	Yes
George M. Foster	None	Yes
J. C. James	None	Yes
Robert S. Macfarlane	None	Yes
Ellswworth Moser	None	Yes
Clarence B. Randall	None	Yes
R. Douglas Stuart	None	Yes
GREAT NORTHERN		
J. M. Budd	President	Yes
R. W. Downing	Vice President, Executive Dept.	No
C. A. Eckart	Vice President, Executive Dept.	No
T. A. Jerrow	Vice President, Operating Dept.	No
C. E. Finley	Vice President, Traffic Dept.	No
Anthony Kane	Vice President, General Counsel	No
J. A. Tauer	Vice President, Comptroller	No
C. A. Pearson	Vice President, Personnel	No
R. M. O'Kelly	Secretary, Treasurer	No
John E. Adams, Jr.	None	Yes
J. Stewart Baker	None	Yes

Name	Officer position	Director
GREAT NORTHERN (Cont'd)		
Thomas L. Daniels	None	Yes
F. Peavey Heffelfinger	None	Yes
Grant Keehn	None	Yes
J. Howard Laeri	None	Yes
William H. Lang	None	Yes
William L. McKnight	None	Yes
Philip H. Nason	None	Yes
Walter G. Seeger	None	Yes
Frederick K. Weyerhauser	None	Yes
NORTHERN PACIFIC		
Robert S. Macfarlane	President	Yes
Edward B. Stanton	Vice President	Yes
C. H. Burgess	Vice President, Operations Maintenance	Yes
Wm. J. Luchsinger	Vice President, Traffic	No
George M. Washington	Vice President, Oil Development	No
Earl Requa	Vice President, General Counsel	No
Dean H. Eastman	Vice President	No
E. L. Ordell	Comptroller	No
H. S. Latham	Treasurer	No
A. M. Gottschald	Secretary	No
Charles H. Bell	None	Yes
Daniel F. Bull	None	Yes
John M. Meyer, Jr.	None	Yes
Donald C. Dayton	None	Yes
Charles Devens	None	Yes
Clarence Francis	None	Yes
George S. Moore	None	Yes
Philip L. Ray	None	Yes
William G. Reed	None	Yes
Norton Simon	None	Yes
John F. Smith, Jr.	None	Yes
Edward B. Stanton	None	Yes
Harry W. Zinzmaster	None	Yes
PACIFIC COAST		
C. A. Eckart	President	Yes
R. W. West	Vice President, Traffic Manager	Yes
C. M. Rasmussen	Vice President, Operating Dept.	Yes
R. Paul Tjossem	Secretary, General Attorney	Yes
R. M. O'Kelly	Treasurer	No
J. A. Tauer	Comptroller	No
Archie W. Shiels	None	Yes

Name	Officer position	Director
SP&S		
Robert S. Macfarlane	President	Yes
John M. Budd	Vice President	Yes
N. S. Westergard	Vice President, General Mgr.	No
H. F. Moy	Secretary	No
J. H. Earlenbaugh	Treasurer	No
C. E. Broeder	Comptroller	No
Dean H. Eastman	None	Yes
C. A. Eckart	None	Yes
Charles A. Hart	None	Yes

APPENDIX G

OFFICERS AND DIRECTORS IN COMMON

Name	Position	ICC Authority
GREAT NORTHERN		
J. M. Budd	Director and President, New Company	FD 15746 Sub 4
	Director and President, Great Northern	FD 15746 Subs 1 & 2
	Director, Burlington	FD 15746 Subs 1 & 2
	Trustee and Vice President, SP&S	FD 15746 Subs 1 & 2
	Director, Colorado & Southern Railway Co.	FD 15746 Subs 1 & 2
	Director and Vice President, Oregon Electric Railway Co.	FD 15746 Sub 1
	Trustee and Vice President, Oregon Trunk Railway	FD 15746 Sub 1
	Director, Railway Express Agency, Inc.	FD 15746 Sub 3
R. W. Downing	Vice President, Great Northern	FD 20282 Sub 1
	Alternate Director, Railway Express Agency, Inc.	FD 20282 Sub 1
	Director and Vice President, The Midland Railway Company of Manitoba	
C. A. Eckart	Vice President, Great Northern	FD 17877
	Trustee, SP&S	FD 17877
	Director and President, Pacific Coast	FD 17877
	Director, Oregon Electric Railway Co.	FD 17877
	Trustee, Oregon Trunk Railway	FD 17877
J. D. Taylor	Assistant to Vice President Operating Department, Great Northern	FD 17554 Sub 1
	Director, The Lake Superior Terminal & Transfer Ry. Co.	FD 17554 Sub 1
	Director, Minnesota Transfer Railway Co.	FD 17554 Sub 1

Name	Position	ICC Authority
J. A. Tauer	Vice President and Comptroller, Great Northern	FD 15346 Sub 1
	Comptroller, Pacific Coast	FD 15346 Sub 1
	Comptroller, The Midland Railway Company of Manitoba	
R. M. O'Kelly	Secretary and Treasurer, Great Northern	FD 19955
	Assistant Secretary, SP&S	FD 19955
	Treasurer, Pacific Coast	FD 19955
	Assistant Secretary, Oregon Electric Railway Co.	FD 19955
	Assistant Secretary, Oregon Trunk Railway	FD 19955
	Treasurer and Assistant Secretary, The Midland Railway Company of Manitoba	
R. N. Whitman	General Manager, Great Northern	FD 20016
	Director, The Lake Superior Terminal & Transfer Ry. Co.	FD 20016
C. M. Rasmussen	General Manager, Great Northern	FD 19942
	Director and Vice President, Pacific Coast	FD 19942
C. E. Finley	Vice President, Traffic Dept., Great Northern	FD 15347
	Director and President, The Saint Paul Union Depot Co.	FD 20147
R. W. West	Western Traffic Manager, Great Northern	FD 20519
	Director, Vice President and Traffic Manager, Pacific Coast	FD 20519
R. P. Tjossem	General Attorney, Great Northern	FD 19309
	Director, Secretary and General Attorney, Pacific Coast	FD 19309
W. N. Norris	General Auditor, Great Northern	FD 17878
	General Auditor, Pacific Coast	FD 17878
L. G. Reichert	Assistant Chief Engineer, Great Northern	FD 19530
	Chief Engineer, Pacific Coast	FD 19530

Name	Position	ICC Authority
P. T. Rudlang	Assistant to General Manager, Great Northern	FD 21124
	General Manager, Pacific Coast	FD 21124
A. Selander	Assistant Treasurer and Transfer Agent, Great Northern	FD 17561
	Assistant Treasurer, Pacific Coast	FD 17561
R. M. Boyd	Western Land and Tax Commissioner, Great Northern	FD 18333
	Land and Tax Agent, Pacific Coast	FD 18333
L. F. Lohmann	Purchasing Agent, Great Northern	FD 17555
	Purchasing Agent, Pacific Coast	FD 17555
G. V. Guerin	Chief Engineer, Great Northern	
	Chief Engineer, The Midland Railway Company of Manitoba	
NORTHERN PACIFIC		
Robert S. Macfarlane	Director and Chairman of Board, New Company	FD 12812 Sub 6
	Director and President, Northern Pacific	FD 12816
	Director, Burlington	FD 12816 Sub 4
	Trustee and President, SP&S	FD 12816 Sub 4
	Director and President, Duluth Union Depot and Transfer Company	FD 12816 Sub 4
	Director and President, Northern Pacific Transport Company	FD 12816 Sub 4
	Director and President, Walla Walla Valley Railway Company	FD 12816 Sub 4
	Director, Colorado and Southern Ry. Co.	FD 12816 Sub 4
	Director and President, Oregon Electric Railway Co.	FD 12816 Sub 5
	Trustee and President, Oregon Trunk Railway	FD 12816

Name	Position	ICC Authority
Edward B. Stanton	Director and Vice President, Northern Pacific	
	Director and Prseident, The Midland Railway Company of Manitoba	
C. H. Burgess	Director and Vice President, Operation and Maintenance Northern Pacific	FD 17114
	Director and Vice President, Duluth Union Depot and Transfer Company	FD 17114
	Director and Vice President, Northern Pacific Transport Company	FD 17114
	Director, Walla Walla Valley Railway Company	FD 17114
	Director, The Minnesota Transfer Ry. Co.	FD 17114
	Director, The Saint Paul Union Depot Co.	FD 17114
A. M. Gottschald	Secretary, Northern Pacific	FD 9205
	Assistant Secretary, SP&S	FD 9205
	Secretary, Duluth Union Depot and Transfer Company	FD 9205
	Secretary, Northern Pacific Transport Company	FD 9205
	Director and Secretary, Walla Walla Valley Railway Company	FD 9205
	Assistant Secretary, Oregon Electric Railway Co.	FD 9205
	Assistant Secretary, Oregon Trunk Railway	FD 9205
D. A. Thomson	General Manager, Saint Paul, Northern Pacific	FD 18598
	Director, The Lake Superior Terminal & Transfer Ry Co.	FD 18598

Name	Position	ICC Authority
BURLINGTON		
E. L. Potarf	Vice President, Operating Department, Burlington	FD 17055
	Vice President, Operating Department, Colorado and Southern Ry. Co.	FD 17055
	Vice President, Operating Department, Ft. Worth and Denver Ry. Co.	FD 17055
	Director and President, Missouri and Illinois Bridge & Belt R. R. Co.	FD 17055
	Director and President, Davenport, Rock Island & North Western Ry. Co.	FD 17055
	Director and President, Winona Bridge Railway Co.	FD 17055
	Vice President, Illinois Northern Railway	FD 17055
	Director and Vice President, Chicago Union Station Co.	FD 17055
	Director, Minnesota Transfer Railway Co.	FD 17055
	Director, The Saint Paul Union Depot Co.	FD 17055
	Director, Kansas City Terminal Ry. Co.	FD 17055
	Director, Terminal Railroad Association of St. Louis	FD 17055
	Director, Illinois Terminal Rialroad Company	FD 17055
H. C. Murphy	President and Director, Burlington	FD 11197
	Director and Vice Chairman of Board, New Company	FD 11197 Sub 2
	Director, Railway Express Agency, Inc.	FD 11197 Sub 1
	Director, Illinois-Missouri Ry. Co.	FD 1976 Sub 6

VALUATION - RAILROAD PROPERTIES

	Great Northern[a]	Northern Pacific[c]	Burlington	Pacific Coast	SP&S
Valuation date	June 30, 1915 (133 ICC 1)	June 30, 1917 (25 Val rep 397)	June 30, 1917 (134 ICC 1)	June 30, 1916 (121 ICC 11)	June 30, 1916 (41 Val Rep 1)
Owned and used	$404,574,729	$420,653,400	$496,100,000	$5,029,165	$58,300,000
Owned but not used	81,700	3,946,550	206,358	-	113,698
Used but not owned	251,437	2,261,760	3,032,255	4,872	1,483,033
Total owned	$404,656,429	$424,599,950	$496,306,358	$5,029,165	$58,413,698
Total used	$404,826,166	$422,915,160	$499,132,255	$5,034,037	$59,783,033
Net cost additions and betterments made after valuation to December 31, 1960					
Owned and used	$451,990,610[b]	$402,030,443	$502,616,774	$(1,765,121)Cr.	$60,995,581
Owned but not used	347,957	(1,025,261)Cr.	892,106	-	4,921,817
Used but not owned	17,776	1,194,201	(569,989)Cr.	(4,872)Cr.	506,664

[a] As of June 30, 1915, includes properties of Minneapolis Eastern Railway Company, Montana Eastern Railway Company, Farmers Grain and Shipping Company, Brandon, Devils Lake and Southern Railway Company, Minneapolis Western Railway Company, Duluth Terminals Railway Company, Watertown & Sioux Falls Railway Company, Great Northern Terminal Railway Company, Great Falls & Teton County Railway Company, Minneapolis Belt Line Railway Company, and Spokane, Coeur d'Alene & Palouse Railway Company, later acquired by Great Northern, last four named companies reflecting cost of reproduction, less depreciation, plus the ICC appraised value of land at date of basic valuation, in lieu of ICC final values not established for those lines.

[b] Includes investment in road and equipment for lines in British Columbia owned and used by Great Northern at December 31, 1958, at $16,183,506.

[c] As of June 30, 1917, includes properties of Minnesota and International Railway Company, Big Fork and Northern Railway Company, and Billings and Central Montana Railway Company, later acquired by Northern Pacific.

GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC.

F. D. No. 21478
Appendix I - 1 (Page 1)

Pro Forma General Balance Sheet as of August 31, 1961 After Giving Effect to Merger of
Northern Pacific Railway Company, Great Northern Railway Company and Pacific Coast R.R. Co. into the Great Northern Pacific & Burlington Lines, Inc.

ASSETS	G.N.P.& B. Lines, Inc.	Northern Pacific	Great Northern	Pacific Coast	Combined	Adjustments and Eliminations Notes	Adjustments and Eliminations Amount	After Adjustments and Eliminations
Current Assets								
701 Cash	$ 1,000	$ 7,758,668	$ 10,464,965	$ 79,840	$ 18,304,473			$ 18,304,473
702 Temporary cash investments		51,348,274	19,960,552	-	71,308,826			71,308,826
703 Special deposits		258,783	6,004,006	-	6,262,789			6,262,789
704 Loans and notes receivable		-	-	-	-			-
705 Traffic and car service balances - Debit		2,678,928	645,290	-	3,324,218	A	$ (79,358)	3,244,860
706 Net balance receivable from agents and conductors		2,759,344	3,972,365	18,340	6,750,049			6,750,049
707 Miscellaneous accounts receivable		6,478,121	5,221,612	97,527	11,797,260			11,797,260
708 Interest and dividends receivable		1,985,817	2,309,532	-	4,295,349			4,295,349
709 Accrued accounts receivable		11,300,706	5,039,280	160,177	16,500,163			16,500,163
710 Working fund advances		416,468	216,857	5	633,330			633,330
711 Prepayments		847	161,775	-	162,622			162,622
712 Material and supplies		21,980,624	22,749,734	24,869	44,755,227			44,755,227
713 Other current assets		297,859	164,409	133	462,401			462,401
Total current assets	1,000	107,264,439	76,910,377	380,891	184,556,707		(79,358)	184,477,349
Special Funds								
715 Sinking funds		-	-	-	-			-
716 Capital and other reserve funds		7,971,791	1,104,815	-	9,076,606			9,076,606
717 Insurance and other funds		1,185,925	1,969,645	-	3,155,570			3,155,570
Total special funds		9,157,716	3,074,460	-	12,232,176			12,232,176
Investments								
721 Investments in affiliated companies		169,421,020	175,866,121	-	345,287,141	B	(1,931,000)	343,356,141
722 Other investments		4,082,146	967,728	-	5,049,874			5,049,874
723 Reserve for adjustment of investment in securities - Credit		-	6,318,353	-	6,318,353			6,318,353
Total investments		173,503,166	170,515,496	-	344,018,662		(1,931,000)	342,087,662
Properties								
731 Road and equipment property		875,838,924	887,220,458	2,832,614	1,765,891,996			1,765,891,996
732 Improvements on leased property		2,054,077	321,938	-	2,376,015			2,376,015
733 Acquisition adjustment		(3,649,485)	(5,613,203)	-	(9,262,688)			(9,262,688)
734 Donations and grants - Credit		8,863,493	5,675,257	78,676	14,617,426			14,617,426
Total transportation property		865,380,023	876,253,936	2,753,938	1,744,387,897			1,744,387,897
735 Accrued depreciation - Road and equipment		(136,583,989)	(173,043,737)	(173,943)	(309,801,669)			(309,801,669)
736 Amortization of defense projects - Road and equipment		(36,029,799)	(46,327,267)	-	(82,357,066)			(82,357,066)
Recorded depreciation and amortization		(172,613,788)	(219,371,004)	(173,943)	(392,158,735)			(392,158,735)
Total transportation property less recorded depreciation and amortization		692,766,235	656,882,932	2,579,995	1,352,229,162			1,352,229,162
737 Miscellaneous physical property		23,701,978	13,077,245	881,566	37,660,789			37,660,789
738 Accrued depreciation - Miscellaneous physical property		(3,214,018)	(129,759)	-	(3,343,777)			(3,343,777)
Miscellaneous physical property less recorded depreciation		20,487,960	12,947,486	881,566	34,317,012			34,317,012
Total properties less recorded depreciation and amortization		713,254,195	669,830,418	3,461,561	1,386,546,174			1,386,546,174
Other Assets and Deferred Charges								
741 Other assets		914,400	3,450,989	-	4,365,389			4,365,389
742 Unamortized discount on long-term debt		1,267,345	2,235,713	-	3,503,058			3,503,058
743 Other deferred charges		2,072,418	3,244,170	6,346	5,324,934			5,324,934
Total other assets and deferred charges		4,254,163	8,930,872	6,346	13,193,381			13,193,381
TOTAL ASSETS	$ 1,000	$1,007,433,679	$929,261,623	$ 3,850,798	$1,940,547,100		$(2,010,358)	$1,938,536,742

( ) Denotes contra

Pro Forma General Balance Sheet as of August 31, 1961 After Giving Effect to Merger of
Northern Pacific Railway Company, Great Northern Railway Company and Pacific Coast R.R. Co. into the Great Northern Pacific & Burlington Lines, Inc.

LIABILITIES AND SHAREHOLDERS' EQUITY	G.N.P.& B. Lines, Inc.	Northern Pacific	Great Northern	Pacific Coast	Combined	Adjustments and Eliminations Notes	Adjustments and Eliminations Amount	After Adjustments and Eliminations
Current Liabilities								
752 Traffic and car service balances - Credit				$ 79,358	$ 79,358	C	$ (79,358)	-
753 Audited accounts and wages payable		$ 7,218,476	$ 6,567,578	31,541	13,817,595			$ 13,817,595
754 Miscellaneous accounts payable		1,808,909	6,090,932	4,622	7,904,463			7,904,463
755 Interest matured unpaid		316,578	413,892	-	730,470			730,470
756 Dividends matured unpaid		37,278	4,602,070	-	4,639,348			4,639,348
757 Unmatured interest accrued		2,291,563	1,312,434	-	3,603,997			3,603,997
758 Unmatured dividends declared		-	-	-	-			-
759 Accrued accounts payable		9,695,329	10,927,864	28,536	20,651,729			20,651,729
760 Federal income taxes accrued		3,838,489	2,957,698	4,325	6,800,512			6,800,512
761 Other taxes accrued		6,795,315	8,353,900	59,716	15,208,931			15,208,931
763 Other current liabilities		1,822,766	3,116,898	8,793	4,948,457			4,948,457
Total current liabilities		33,824,703	44,343,266	216,891	78,384,860		(79,358)	78,305,502
Long-Term Debt Due Within One Year								
764 Equipment obligations and other debt		11,557,960	7,926,594	-	19,484,554			19,484,554
Held by or for company		-	-	-	-			-
Actually outstanding		11,557,960	7,926,594	-	19,484,554			19,484,554
Long-Term Debt Due After One Year								
765 Funded debt unmatured		288,882,857	178,673,176	-	467,556,033			467,556,033
Held by or for company		(80,608,000)	-	-	(80,608,000)			(80,608,000)
Actually outstanding		208,274,857	178,673,176	-	386,948,033			386,948,033
766 Equipment obligations		79,961,750	58,143,636	-	138,105,386			138,105,386
Held by or for company		-	-	-	-			-
Actually outstanding		79,961,750	58,143,636	-	138,105,386			138,105,386
Total funded debt and equipment obligations outstanding		288,236,607	236,816,812	-	525,053,419			525,053,419
769 Amounts payable to affiliated companies		-	-	230,000	230,000	D	(230,000)	-
Total long-term debt due after one year		288,236,607	236,816,812	230,000	525,283,419		(230,000)	525,053,419
Reserves								
771 Pension and welfare reserves		10,014,200	-	-	10,014,200			10,014,200
772 Insurance reserves		925,114	1,915,634	-	2,840,748			2,840,748
773 Equalization reserves		-	(912,000)	-	(912,000)			(912,000)
774 Casualty and other reserves		267,500	2,518,166	-	2,785,666			2,785,666
Total reserves		11,206,814	3,521,800	-	14,728,614			14,728,614
Other Liabilities and Deferred Credits								
782 Other liabilities		270,996	505,338	28,426	804,760			804,760
783 Unamortized premium on long-term debt		-	-	-	-			-
784 Other deferred credits		1,089,901	1,251,808	351,224	2,692,933			2,692,933
785 Accrued depreciation - Leased property		296,775	104,585	-	401,360			401,360
Total other liabilities and deferred credits		1,657,672	1,861,731	379,650	3,899,053			3,899,053
Shareholders' Equity								
Capital Stock:								
791 Capital stock issued								
Proposed new issue								
Common stock (12,066,819 shares-without par value)						E	491,530,014	491,530,014
Preferred stock (3,036,568 shares-$10 par value)						E	30,365,680	30,365,680
Total							521,895,694	521,895,694
Merging companies								
Common stock	$ 1,000	29,978,000	274,028,150	1,000,000	305,007,150		(305,007,150)	-
Held by or for company	-	(9,505)	(6,131,436)	-	(6,140,941)		6,140,941	-
Total	1,000	29,968,495	267,896,714	1,000,000	298,866,209	F	(298,866,209)	-
Total capital stock	1,000	29,968,495	267,896,714	1,000,000	298,866,209		223,029,485	521,895,694
Capital Surplus:								
794 Premiums and assessments on capital stock		224,031,121	-	-	224,031,121	F	(224,031,121)	-
795 Paid-in surplus		2,471	1,237,130	-	1,239,601		-	1,239,601
796 Other capital surplus		38,371,506	639,996	18,794	39,030,296	G	(699,364)	38,330,932
Total capital surplus		262,405,098	1,877,126	18,794	264,301,018		(224,730,485)	39,570,533
Retained Income:								
797 Retained income - Appropriated		-	-	-	-			-
798 Retained income - Unappropriated		368,576,330	365,017,580	2,005,463	735,599,373			735,599,373
Total retained income		368,576,330	365,017,580	2,005,463	735,599,373			735,599,373
Total shareholders' equity	1,000	660,949,923	634,791,420	3,024,257	1,298,766,600	H	(1,701,000)	1,297,065,600
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,000	$1,007,433,679	$929,261,623	$ 3,850,798	$1,940,547,100		$ (2,010,358)	$1,938,536,742

( ) Denotes contra

Notes to Pro Forma General Balance Sheet of
the Great Northern Pacific & Burlington Lines, Inc. (New Company)
as of August 31, 1961

After Giving Effect to Northern Lines Merger

Note

I The combined general balance sheet as of the date of merger is subject to approval of the Bureau of Accounts, Interstate Commerce Commission.

II This pro forma general balance sheet reflects the sum of the amounts carried and the balance sheets of the four companies as of August 31, 1961, adjusted to give effect to the merger as shown by notes below:

A. To effect net debit balance in traffic and car service balances—Debit upon transfer of credit balance reflected in accounts of Pacific Coast (See Note C). $79,358

B. To eliminate book investment in affiliates as follows:

Name of Affiliate Common Stock	Amount	Held by
Pacific Coast	$1,700,000	Great Northern
G.N.P. & B. Lines, Inc.	500	" "
" " "	500	Northern Pacific
Investment Advances		
Pacific Coast	230,000	Great Northern
	$1,931,000	

C. To transfer to current assets credit balance in Traffic and car service balances—Credit (See Note A). $79,358

D. To eliminate investment advance payable to Great Northern by Pacific Coast $230,000

E. To set up capitalization of New Company at time of merger equal to the sum of the stated value of the capital stock of the Great Northern ($267,861,424) and the par value ($29,967,705) plus premium ($224,027,213) of the Northern Pacific outstanding in the hands of the public:

Note

II (Continued)

Common Stock—Without par value:

		No. of shares	Amount
Northern Pacific			
$5 Par value	$ 29,968,420		
Premium thereon	224,030,560	5,993,684	$253,998,980
Great Northern			
Without Par value		6,073,135	267,896,714
		12,066,819	$521,895,694
Less Preferred Stock—$10 Par Value:			
Great Northern			
6,073,135 shares @ ½ share		3,036,568	30,365,680
Total Common Stock capitalization		12,066,819	$491,530,014

F. To eliminate capitalization of merged companies:

Common stock actually outstanding	$298,866,209
Premium on capital stock	$224,031,121

G. The $699,364 reflects adjustment giving effect to the merger of the respective roads as follows:

(1) Difference between book investment by Great Northern and par value of Pacific Coast stock liability		$ 700,000
(2) Retirement and cancellation of fifteen (15) Northern Pacific shares of common stock held by directors as qualifying shares:		
15 shares @ $5 Par value	$ 75	
15 shares @ $37.38 premium	561	
		(636)
Charged to Other Capital Surplus		$ 699,364

Note

II (Continued)

H. The debit adjustment or reduction in shareholders' equity of $1,701,000 is made up as follows:

(1) Pacific Coast par value stock held by Great Northern	$1,000,000
(2) Difference between book investment by Great Northern and par value of Pacific Coast stock liability	700,000
(3) Cancellation and retirement of 200 shares of New Company, common stock upon effectuation of merger	1,000
	$1,701,000

F. D. No. 21478
Appendix I - 2 (page 1)

GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC.

Pro Forma General Balance Sheet as of August 31, 1961 After Giving Effect to Merger of
Great Northern Pacific & Burlington Lines, Inc. and the Chicago, Burlington & Quincy Railroad Company

	ASSETS	G.N.P.& B. Lines, Inc. General Balance Sheet	Adjustments and Eliminations Notes	Adjustments and Eliminations Amount	Burlington General Balance Sheet	Adjustments and Eliminations Notes	Adjustments and Eliminations Amount	Net Combined	Adjustments and Eliminations Notes	Adjustments and Eliminations Amount	After Adjustments and Eliminations
Current Assets											
701	Cash	$ 18,304,473	A	$(89,394,100)	$ 21,191,781	F	$70,000,000	$ 20,102,154			$ 20,102,154
702	Temporary cash investments	71,308,826			11,248,859			82,557,685			82,557,685
703	Special deposits	6,262,789			311,948			6,574,737			6,574,737
704	Loans and notes receivable	-			1,670			1,670			1,670
705	Traffic and car service balances - Debit	3,244,860			-			3,244,860	H	$ (2,347,826)	897,034
706	Net balances receivable from agents and conductors	6,750,049			4,793,177			11,543,226			11,543,226
707	Miscellaneous accounts receivable	11,797,260			7,213,440			19,010,700			19,010,700
708	Interest and dividends receivable	4,295,349			125,275			4,420,624			4,420,624
709	Accrued accounts receivable	16,500,163			7,743,402			24,243,565			24,243,565
710	Working fund advances	633,330			133,850			767,180			767,180
711	Prepayments	162,622			255,392			418,014			418,014
712	Material and supplies	44,755,227			18,565,480			63,320,707			63,320,707
713	Other current assets	462,401			322,741			785,142			785,142
	Total current assets	184,477,349		(89,394,100)	71,907,015		70,000,000	236,990,264		(2,347,826)	234,642,438
Special Funds											
715	Sinking funds	-			1,732			1,732			1,732
716	Capital and other reserve funds	9,076,606			5,129,697			14,206,303			14,206,303
717	Insurance and other funds	3,155,570			1,705,613			4,861,183			4,861,183
	Total special funds	12,232,176			6,837,042			19,069,218			19,069,218
Investments											
721	Investments in affiliated companies	343,356,141	B	70,000,000	42,228,365			455,584,506	I	(288,890,031)	166,694,475
722	Other investments	5,049,874			14,003,459			19,053,333			19,053,333
723	Reserve for adjustment of investment in securities - Credit	6,318,353			-			6,318,353			6,318,353
	Total investments	342,087,662		70,000,000	56,231,824			468,319,486		(288,890,031)	179,429,455
Properties											
731	Road and equipment property	1,765,891,996			974,108,243			2,740,000,239			2,740,000,239
732	Improvements on leased property	2,376,015			1,119,412			3,495,427			3,495,427
733	Acquisition adjustment	(9,262,688)			(101,904)			(9,364,592)			(9,364,592)
734	Donations and grants - Credit	14,617,426			29,632,617			44,250,043			44,250,043
	Total transportation property	1,744,387,697			945,493,134			2,689,881,031			2,689,881,031
735	Accrued depreciation - Road and equipment	(309,801,669)			(223,616,273)			(533,417,942)			(533,417,942)
736	Amortization of defense projects - Road and equipment	(82,357,066)			(35,745,899)			(118,102,965)			(118,102,965)
	Recorded depreciation and amortization	(392,158,735)			(259,362,172)			(651,520,907)			(651,520,907)
	Total transportation property less recorded depreciation and amortization	1,352,229,162			686,130,962			2,038,360,124			2,038,360,124
737	Miscellaneous physical property	37,660,789			10,128,451			47,789,240			47,789,240
738	Accrued depreciation - Miscellaneous physical property	(3,343,777)			-			(3,343,777)			(3,343,777)
	Miscellaneous physical property less recorded depreciation	34,317,012			10,128,451			44,445,463			44,445,463
	Total properties less recorded depreciation and amortization	1,386,546,174			696,259,413			2,082,805,587			2,082,805,587
Other Assets and Deferred Charges											
741	Other assets	4,365,389			860,508			5,225,897			5,225,897
742	Unamortized discount on long-term debt	3,503,058			602,490			4,105,548			4,105,548
743	Other deferred charges	5,324,934			4,368,848			9,693,782			9,693,782
	Total other assets and deferred charges	13,193,381			5,831,846			19,025,227			19,025,227
	TOTAL ASSETS	$1,938,536,742		$(19,394,100)	$837,067,140		$70,000,000	$2,826,209,782		$(291,237,857)	$2,534,971,925

( ) Denotes contra

GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC.

Pro Forma General Balance Sheet as of August 31, 1961 After Giving Effect to Merger of
Great Northern Pacific & Burlington Lines, Inc. and the Chicago, Burlington & Quincy Railroad Company

	LIABILITIES AND SHAREHOLDERS' EQUITY	G.N.P.& B. Lines, Inc. General Balance Sheet	Adjustments and Eliminations Notes	Adjustments and Eliminations Amount	Burlington General Balance Sheet	Adjustments and Eliminations Notes	Adjustments and Eliminations Amount	Net Combined	Adjustments and Eliminations Notes	Adjustments and Eliminations Amount	After Adjustments and Eliminations
Current Liabilities											
752	Traffic and car service balances - Credit	-			$ 2,347,826			$ 2,347,826	J	$ (2,347,826)	-
753	Audited accounts and wages payable	$ 13,817,595			6,540,264			20,357,859			$ 20,357,859
754	Miscellaneous accounts payable	7,904,463			3,303,724			11,208,187			11,208,187
755	Interest matured unpaid	730,470			319,461			1,049,931			1,049,931
756	Dividends matured unpaid	4,639,348			-			4,639,348			4,639,348
757	Unmatured interest accrued	3,603,997			802,873			4,406,870			4,406,870
758	Unmatured dividends declared	-			-			-			-
759	Accrued accounts payable	20,651,729			11,981,328			32,633,057			32,633,057
760	Federal income taxes accrued	6,800,512	C	$ (916,812)	2,809,279			8,692,979			8,692,979
761	Other taxes accrued	15,208,931			9,901,288			25,110,219			25,110,219
763	Other current liabilities	4,948,457			5,044,392			9,992,849			9,992,849
	Total current liabilities	78,305,502		(916,812)	43,050,435			120,439,125		(2,347,826)	118,091,299
Long-Term Debt Due Within One Year											
764	Equipment obligations and other debt	19,484,554			14,582,487			34,067,041			34,067,041
	Held by or for company	-			(1,333,825)			(1,333,825)			(1,333,825)
	Actually outstanding	19,484,554			13,248,662			32,733,216			32,733,216
Long-Term Debt Due After One Year											
765	Funded debt unmatured	467,556,033	D	(17,631,000)	158,177,885	G	$40,131,000	648,233,918			648,233,918
	Held by or for company	(80,608,000)			(30,726,175)	G	29,869,000	(81,465,175)	K	(70,000,000)	(151,465,175)
	Actually outstanding	386,948,033		(17,631,000)	127,451,710		70,000,000	566,768,743		(70,000,000)	496,768,743
766	Equipment obligations	138,105,386			81,657,232			219,762,618			219,762,618
	Held by or for company	-			(30,000)			(30,000)			(30,000)
	Actually outstanding	138,105,386			81,627,232			219,732,618			219,732,618
	Total funded debt and equipment obligations outstanding	525,053,419		(17,631,000)	209,078,942		70,000,000	786,501,361		(70,000,000)	716,501,361
769	Amounts payable to affiliated companies	-			575,602			575,602	L	(398,602)	177,000
	Total long-term debt due after one year	525,053,419		(17,631,000)	209,654,544		70,000,000	787,076,963		(70,398,602)	716,678,361
Reserves											
771	Pension and welfare reserves	10,014,200			-			10,014,200			10,014,200
772	Insurance reserves	2,840,748			2,931,949			5,772,697			5,772,697
773	Equalization reserves	(912,000)			1,158,000			246,000			246,000
774	Casualty and other reserves	2,785,666			757,441			3,543,107			3,543,107
	Total reserves	14,728,614			4,847,390			19,576,004			19,576,004
Other Liabilities and Deferred Credits											
782	Other liabilities	804,760			639,527			1,444,287			1,444,287
783	Unamortized premium on long-term debt	-			180			180			180
784	Other deferred credits	2,692,933			518,994			3,211,927			3,211,927
785	Accrued depreciation - Leased property	401,360			220,440			621,800			621,800
	Total other liabilities and deferred credits	3,899,053			1,379,141			5,278,194			5,278,194
Shareholders' Equity											
	Capital Stock:										
791	Capital stock issued										
	Proposed new issue										
	Common stock (12,222,926 shares-without par value)	491,530,014						491,530,014	M	4,803,300	496,333,314
	Preferred stock (3,036,568 shares-$10 par value)	30,365,680						30,365,680			30,365,680
	Total	521,895,694						521,895,694		4,803,300	526,698,994
	Merging companies										
	Common stock	-			170,839,100			170,839,100		(170,839,100)	-
	Held by or for company	-			-			-		-	-
	Total	-			170,839,100			170,839,100		(170,839,100)	-
	Total capital stock	521,895,694			170,839,100			692,734,794		(166,035,800)	526,698,994
	Capital Surplus:										
794	Premiums and assessments on capital stock	-			-			-			-
795	Paid-in surplus	1,239,601			-			1,239,601			1,239,601
796	Other capital surplus	38,330,932			588,871			38,919,803	N	(38,919,803)	-
	Total capital surplus	39,570,533			588,871			40,159,404		(38,919,803)	1,239,601
	Retained Income:										
797	Retained income - Appropriated	-			48,025,460			48,025,460			48,025,460
798	Retained income - Unappropriated	735,599,373	E	(846,288)	345,433,537			1,080,186,622	N	(13,535,826)	1,066,650,796
	Total retained income	735,599,373		(846,288)	393,458,997			1,128,212,082		(13,535,826)	1,114,676,256
	Total shareholders' equity	1,297,065,600		(846,288)	564,886,968			1,861,106,280	O	(218,491,429)	1,642,614,851
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,938,536,742		$(19,394,100)	$837,067,140		$70,000,000	$2,826,209,782		$(291,237,857)	$2,534,971,925

( ) Denotes contra

Notes to Pro Forma General Balance Sheet of
the Great Northern Pacific & Burlington Lines, Inc. (New Company)
as of August 31, 1961

After Giving Effect to the
Northern Lines Merger and the Burlington Merger

Note			
I	The final combined general balance sheet as of the date of merger is subject to approval of the Bureau of Accounts, Interstate Commerce Commission.		
II	This pro forma general balance sheet reflects the amounts shown in pro forma general balance sheet, giving effect to the merger of the Northern Pacific, Great Northern and Pacific Coast into New Company, and the Burlington, as of August 31, 1961, adjusted to give effect to the merger as shown by notes below:		
	A. (1) To purchase new Burlington first and refunding mortgage series of 2010 4% bonds to be pledged under the New Company's consolidated mortgage		$70,000,000
	(2) To deposit with Trustee of Northern Pacific refunding and improvement mortgage sufficient funds to redeem at a redemption price of 110 the $17,631,000 par value outstanding refunding and improvement mortgage series "A" 4½%		$19,394,100
			$89,394,100
	B. To reflect investment in $70,000,000 Burlington first and refunding mortgage bonds.		
	C. To reflect reduction in Federal income tax liability applicable to premium paid upon the redemption of Northern Pacific refunding and improvement mortgage series "A" 4½% bonds. (See Note E).		$ 916,812
	D. To eliminate Northern Pacific refunding and improvement mortgage series "A" bonds called and redeemed		$17,631,000

Note

II (Continued)

E. To reflect charge to retained income—unappropriated as a result of net premium costs ($1,763,100 less Federal income tax reduction of $916,812) incurred in redemption of Northern Pacific refunding and improvement mortgage series "A" 4½% bonds. (See Note C). $ 846,288

F. To reflect receipt of cash by Burlington from sale of $70,000,000 Burlington first and refunding mortgage bonds to the New Company.

G. To reflect issuance by Burlington of $70,000,000 new first and refunding mortgage 4% bonds and cancellation of $29,869,000 Burlington first and refunding mortgage bonds ($19,729,000 4% series 1998 and $10,140,000 4½% series 1970) held in treasury.

H. To effect new debit balance in traffic and car service balances—Debit upon transfer of credit balance reflected in accounts of Burlington. (See Note J). $ 2,347,826

I. To eliminate book investment of New Company, in Burlington as follows:

	Amount
Common stock	$218,491,429
Other secured obligations	398,602
Burlington first and refunding mortgage bonds	70,000,000
	$288,890,031

J. To transfer to current assets credit balance in traffic and car service balances—Credit (See Note H) $ 2,347,826

K. To reflect the elimination of the New Company's liability with respect to Burlington first and refunding mortgage bonds upon concurrent pledging of same under the new consolidated mortgage. $ 70,000,000

L. To eliminate amount payable to Burlington to New Company (See Note I) $ 398,602

Note

II (Continued)

M. To set up capital stock liability equal to par value of Burlington common stock outstanding in the hands of minority stockholders:

Common Stock—Without par value	Shares	Amount
48,033 shares @ 3.25	156,107	$4,803,300

N. Giving effect to the merger of the respective roads, results in adjustments representing:

(1) Differences between book investment of New Company and par value of Burlington common stock liability ($218,491,429 less $166,035,800)	$ 52,455,629
The $52,455,629 has been debited to other capital surplus, to the extent available	$ 38,919,803
And the balance has been charged to Retained income—Unappropriated	13,535,826
	$ 52,455,629

O. The net debit adjustment or reduction in stockholders' equity of $218,491,429 is made up as follows:

(1) Elimination of Burlington common stock held by New Company	$166,035,800
(2) Difference between book investment of New Company and par value of Burlington common stock liability	52,455,629
	$219,491,429

III A total of 112,150 shares of common stock and 56,075 shares of preferred stock has been reserved for issuance against warrants outstanding under Great Northern's Restricted Stock Option Plan, and a total of 100,077 shares of Common Stock has been reserved for issuance against options outstanding under Northern Pacific's Restricted Stock Option Plan.

IV See notes to financial statements of individual companies.

Note			
V	Long-Term debt is as follows: (Note 1).		
	(a) Northern Pacific (Note 2.)		
	Due within one year:		
	Collateral Trust Bonds 4%	$ 1,300,000	
	Miscellaneous Obligations	50,853	
	Equipment Obligations	10,207,107	
	Total		$ 11,557,9
	Due after one year:		
	Prior Lien Mortgage	$96,195,300	
	General Lien Mortgage	53,585,900	
	St. Paul-Duluth Div'n Mortgage	253,000	
	St.P. &Dul.RR. First Cons. Mortgage	1,000,000	
	Collateral Trust Bonds 4%	39,376,000	
	Miscellaneous Obligations	233,657	
	Equipment Obligations	79,961,750	
	Total		270,605,6
	Total Northern Pacific debt		$282,163,5
	(b) Great Northern:		
	Due within one year:		
	Miscellaneous Obligations	$ 10,276	
	Equipment Obligations	7,916,318	
			$ 7,926,5
	Due after one year:		
	G.N.Ry.Co.Genl.Mtge. 5% Gold Bonds Ser.C.	$14,154,900	
	G.N.Ry.Co.Genl.Mtge. 4½% Gold Bonds Ser.D.	14,508,000	
	G.N.Ry.Co.Genl.Mtge. 3 1/8% Gold Bonds Ser.N.	37,500,000	
	G.N.Ry.Co.Genl.Mtge. 3 1/8% Gold Bonds Ser.O.	37,500,000	
	G.N.Ry.Co.Genl.Mtge. 2¾% Gold Bonds Ser.P.	40,000,000	
	G.N.Ry.Co.Genl.Mtge. 2 5/8% Gold Bonds Ser.Q.	35,000,000	
	Miscellaneous Obligations	10,276	
	Equipment Obligations	58,143,636	
	Total		236,816,8
	Total Great Northern debt		$244,743,4

Note V (Continued)

(c) Burlington (Note 3.)

Due within one year:		
First & Refunding Mortgage 3 1/8% Series 1985	$ 1,271,290	
Equipment Obligations	11,977,372	
Total		$ 13,248,662
Due after one year:		
First & Refunding Mortgage 2 7/8% 1970	$45,230,000	
First & Refunding Mortgage 3 1/8% Series 1985	38,681,710	
First & Refunding Mortgage 3% Series 1990	21,565,000	
First & Refunding Mortgage 4 3/8% Series 1978	21,975,000	
Equipment Obligations	81,627,232	
Total		$209,078,942
Total Burlington debt		$222,327,604
Total Great Northern Pacific & Burlington Lines, Inc. (New Company) Long-Term Debt (Note 4)		$749,234,577

Note 1. Does not include New Company consolidated mortgage bonds referred to in Note 2 (***)

Note 2. Does not include the following:

$17,631,000 principal amount to N.P.Ry.Co.'s Refunding & Improvement Bonds Series "A". (*)

$1,000 principal amount of N.P.Ry.Co.'s Refunding & Improvement Bonds Series "A". (**)

$28,000 principal amount of N.P.Ry.Co.'s Prior Lien Mortgage Bonds. (**)

$5,555,000 principal amount of N.P.Ry.Co.'s General Lien Mortgage Bonds. (**)

$3,524,000 principal amount of N.P.Ry.Co.'s Collateral Trust Bonds. (**)

Note V (Continued)

$71,500,000 principal amount of N.P.Ry.Co.'s Refunding & Improvement Bonds Series "E". (***)

(*) Actually outstanding at date but which under plan of merger will be redeemed (see Note D of notes to pro forma general balance sheet).

(**) Heretofore reacquired and held in treasury.

(***) Nominally issued and pledged under N.P.Ry.Co.'s collateral trust indenture; after merger under the plan of merger these bonds will be released from pledge and cancelled and $71,500,000 principal amount of New Company new consolidated mortgage bonds will be deposited and pledged in substitution therefor. (See Note 1).

Note 3. Does not include the following mortgage bonds and equipment trust certificates heretofore reacquired and held in treasury:

$19,729,000 principal amount of C.B.& Q. R.R. Co.'s First and Refunding Mortgage Bonds 4% Series 1998.

$279,000 principal amount of C.B.& Q. R.R. Co.'s First and Refunding Mortgage Bonds 3 1/8% Series 1970.

$335,000 principal amount of C.B.& Q. R.R. Co.'s First and Refunding Mortgage Bonds 3 1/8% Series 1985.

$10,140,000 principal amount of C.B.& Q. R.R. Co.'s First and Refunding Mortgage Bonds 4½% Series 1970.

$552,000 principal amount of C.B.& Q. R.R. Co.'s First and Refunding Mortgage Bonds 3% Series 1990.

$1,025,000 principal amount of C.B.& Q. R.R. Co.'s First and Refunding Mortgage Bonds 4 [illegible]/8% 1978.

$30,000 principal amount of C.B.& Q. R.R. Co.'s Equipment Trust Certificates 2 5/8% Trusts of 1954.

Also does not include:

$70,000 principal amount of C.B.& Q. R.R. Co. First and Refunding Mortgage Bonds 4% Series 2010 to be concurrently pledged under the G.N.P.& B. Lines, Inc. Consolidated Mortgage (See Note K, page 12)

Note 4. Does not include amounts payable to affiliated companies of $177,000 payable by the Burlington to St. Louis and Kansas City Land Company.

F. D. No. 21478
Appendix I - 3 (page 1)

GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC.

Pro Forma General Balance Sheet as of August 31, 1961 After Giving Effect to Merger of Great Northern Railway Company, Northern Pacific Railway Company, Chicago, Burlington & Quincy Railroad Company and the Pacific Coast R.R. Co. and the Lease of the Spokane, Portland and Seattle Railway Company by Great Northern Pacific & Burlington Lines, Inc.

	ASSETS	G.N.P. & B. Lines, Inc.	S.P.& S.	Combined	Adjustments and Eliminations Notes	Adjustments and Eliminations Amount	After Adjustments and Eliminations
Current Assets							
701	Cash	$ 20,102,154	$ 1,664,156	$ 21,766,310			$ 21,766,310
702	Temporary cash investments	82,557,685	-	82,557,685			82,557,685
703	Special deposits	6,574,737	19,389	6,594,126			6,594,126
704	Loans and notes receivable	1,670	-	1,670			1,670
705	Traffic and car service balances - Debit	897,034	-	897,034	A	$ (897,034)	-
706	Net balances receivable from agents and conductors	11,543,226	350,165	11,893,391			11,893,391
707	Miscellaneous accounts receivable	19,010,700	2,408,170	21,418,870			21,418,870
708	Interest and dividends receivable	4,420,624	3,565	4,424,189			4,424,189
709	Accrued accounts receivable	24,243,565	2,021,134	26,264,699			26,264,699
710	Working fund advances	767,180	823	768,003			768,003
711	Prepayments	418,014	8,928	426,942			426,942
712	Material and supplies	63,320,707	2,696,931	66,017,638			66,017,638
713	Other current assets	786,142	130,606	915,748			915,748
	Total current assets	234,642,438	9,303,867	243,946,305		(897,034)	243,049,271
Special Funds							
715	Sinking funds	1,732	-	1,732			1,732
716	Capital and other reserve funds	14,206,303	121,116	14,327,419			14,327,419
717	Insurance and other funds	4,861,183	-	4,861,183			4,861,183
	Total special funds	19,069,218	121,116	19,190,334			19,190,334
Investments							
721	Investments in affiliated companies	166,694,475	39,695,423	206,389,898			206,389,898
722	Other investments	19,053,333	540,917	19,594,250			19,594,250
723	Reserve for adjustment of investment in securities - Credit	6,318,353	8,929,360	15,247,713			15,247,713
	Total investments	179,429,455	31,306,980	210,736,435			210,736,435
Properties							
731	Road and equipment property	2,740,000,239	128,918,610	2,868,918,849	B	(128,918,610)	2,740,000,239
732	Improvements on leased property	3,495,427	467,903	3,963,330	B	(467,903)	3,495,427
733	Acquisition adjustment	(9,364,592)	-	(9,364,592)			(9,364,592)
734	Donations and grants - Credit	44,250,043	11,879,318	56,129,361	B	(11,879,318)	44,250,043
	Total transportation property	2,689,881,031	117,507,195	2,807,388,226		(117,507,195)	2,689,881,031
735	Accrued depreciation - Road and equipment	(533,417,942)	(21,338,532)	(554,756,474)	B	21,338,532	(533,417,942)
736	Amortization of defense projects - Road and equipment	(118,102,965)	(2,386,795)	(120,489,760)	B	2,386,795	(118,102,965)
	Recorded depreciation and amortization	(651,520,907)	(23,725,327)	(675,246,234)		23,725,327	(651,520,907)
	Total transportation property less recorded depreciation and amortization	2,038,360,124	93,781,868	2,132,141,992		(93,781,868)	2,038,360,124
737	Miscellaneous physical property	47,789,240	6,119,887	53,909,127	B	(6,119,887)	47,789,240
738	Accrued depreciation - Miscellaneous physical property	(3,343,777)	(952,831)	(4,296,608)	B	952,831	(3,343,777)
	Miscellaneous physical property less recorded depreciation	44,445,463	5,167,056	49,612,519		(5,167,056)	44,445,463
	Total properties less recorded depreciation and amortization	2,082,805,587	98,948,924	2,181,754,511		(98,948,924)	2,082,805,587
Other Assets and Deferred Charges							
741	Other assets	5,225,897	187,137	5,413,034			5,413,034
742	Unamortized discount on long-term debt	4,105,548	-	4,105,548			4,105,548
743	Other deferred charges	9,693,782	370,326	10,064,108			10,064,108
	Total other assets and deferred charges	19,025,227	557,463	19,582,690			19,582,690
	TOTAL ASSETS	$2,534,971,925	$140,238,350	$2,675,210,275		$ (99,845,958)	$2,575,364,317

( ) Denotes contra

GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC.

F. D. No. 21478
Appendix I - 3 (page 2)

Pro Forma General Balance Sheet as of August 31, 1961 After Giving Effect to Merger of Great Northern Railway Company, Northern Pacific Railway Company, Chicago, Burlington & Quincy Railroad Company and the Pacific Coast R.R. Co. and the Lease of the Spokane, Portland and Seattle Railway Company by Great Northern Pacific & Burlington Lines, Inc.

	LIABILITIES AND SHAREHOLDERS' EQUITY	G.N.P. & B. Lines, Inc.	S.P.& S.	Combined	Adjustments and Eliminations Notes	Adjustments and Eliminations Amount	After Adjustments and Eliminations
	Current Liabilities						
752	Traffic and car service balances - Credit	-	$ 1,606,897	$ 1,606,897	A	$ (897,034)	$ 709,863
753	Audited accounts and wages payable	$ 20,357,859	1,099,552	21,457,411			21,457,411
754	Miscellaneous accounts payable	11,208,187	380,687	11,588,874			11,588,874
755	Interest matured unpaid	1,049,931	1,095,239	2,145,170			2,145,170
756	Dividends matured unpaid	4,639,348	-	4,639,348			4,639,348
757	Unmatured interest accrued	4,406,870	54,570	4,461,440			4,461,440
758	Unmatured dividends declared	-	-	-			-
759	Accrued accounts payable	32,633,057	2,859,780	35,492,837			35,492,837
760	Federal income taxes accrued	8,692,979	-	8,692,979			8,692,979
761	Other taxes accrued	25,110,219	1,133,645	26,243,864			26,243,864
763	Other current liabilities	9,992,849	1,379,737	11,372,586			11,372,586
	Total current liabilities	118,091,299	9,610,107	127,701,406		(897,034)	126,804,372
	Long-Term Debt Due Within One Year						
764	Equipment obligations and other debt	34,067,041	1,055,967	35,123,008	B	(1,055,967)	34,067,041
	Held by or for company	(1,333,825)	-	(1,333,825)		-	(1,333,825)
	Actually outstanding	32,733,216	1,055,967	33,789,183	D	(1,055,967)	32,733,216
	Long-Term Debt Due After One Year						
765	Funded debt unmatured	648,233,918	54,710,000	702,943,918	B	(54,710,000)	648,233,918
	Held by or for company	(151,465,175)	-	(151,465,175)		-	(151,465,175)
	Actually outstanding	496,768,743	54,710,000	551,478,743		(54,710,000)	496,768,743
766	Equipment obligations	219,762,618	4,011,493	223,774,111	B	(4,011,493)	219,762,618
	Held by or for company	(30,000)	-	(30,000)		-	(30,000)
	Actually outstanding	219,732,618	4,011,493	223,744,111		(4,011,493)	219,732,618
	Total funded debt and equipment obligations outstanding	716,501,361	58,721,493	775,222,854		(58,721,493)	716,501,361
769	Amounts payable to affiliated companies	177,000	-	177,000	C	31,126,774	31,303,774
	Total long-term debt due after one year	716,678,361	58,721,493	775,399,854	D	(27,594,719)	747,805,135
	Reserves						
771	Pension and welfare reserves	10,014,200	-	10,014,200			10,014,200
772	Insurance reserves	5,772,697	-	5,772,697			5,772,697
773	Equalization reserves	246,000	-	246,000			246,000
774	Casualty and other reserves	3,543,107	144,446	3,687,553			3,687,553
	Total reserves	19,576,004	144,446	19,720,450			19,720,450
	Other Liabilities and Deferred Credits						
782	Other liabilities	1,444,287	169,504	1,613,791			1,613,791
783	Unamortized premium on long-term debt	180	-	180			180
784	Other deferred credits	3,211,927	238,595	3,450,522			3,450,522
785	Accrued depreciation - Leased property	621,800	23,939	645,739	B	(23,939)	621,800
	Total other liabilities and deferred credits	5,278,194	432,038	5,710,232		(23,939)	5,686,293
	Shareholders' Equity						
	Capital Stock:						
791	Capital stock issued						
	Proposed new issue						
	Common stock (12,222,926 shares - without par value)	496,333,314		496,333,314			496,333,314
	Preferred stock (3,036,568 shares - $10 par value)	30,365,680		30,365,680			30,365,680
	Total	526,698,994		526,698,994			526,698,994
	Merging Companies:						
	Common stock	-	40,000,000	40,000,000	B	(40,000,000)	-
	Held by or for company	-	-	-		-	-
	Total	-	40,000,000	40,000,000		(40,000,000)	-
	Total capital stock	526,698,994	40,000,000	566,698,994		(40,000,000)	526,698,994
	Capital Surplus:						
794	Premiums and assessments on capital stock	-	-	-		-	-
795	Paid-in surplus	1,239,601	5,700,000	6,939,601	B	(5,700,000)	1,239,601
796	Other capital surplus	-	124,967	124,967	B	(124,967)	-
	Total capital surplus	1,239,601	5,824,967	7,064,568		(5,824,967)	1,239,601
	Retained Income:						
797	Retained income - Appropriated	48,025,460	-	48,025,460			48,025,460
798	Retained income - Unappropriated	1,066,650,796	24,449,332	1,091,100,128	B	(24,449,332)	1,066,650,796
	Total retained income	1,114,676,256	24,449,332	1,139,125,588		(24,449,332)	1,114,676,256
	Total shareholders' equity	1,642,614,851	70,274,299	1,712,889,150		(70,274,299)	1,642,614,851
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,534,971,925	$ 140,238,350	$2,675,210,275		$(99,845,958)	$2,575,364,317

( ) Denotes contra

Notes to Pro Forma General Balance Sheet of the Great Northern Pacific & Burlington Lines, Inc. (New Company) as of August 31, 1961

After Giving Effect to Lease of Spokane, Portland and Seattle Railway Company

A. Transfer debit balance in Traffic and car service balances—Dr. to Traffic and car service balances—Cr. as the net balance becomes a credit after recording SP&S accounts on books of the New Company.

B. Represents property investment accounts, depreciation reserves, funded debt, equipment obligations and shareholders' equity to remain in the SP&S accounts.

C. Represents net liability of the New Company to the SP&S for excess of assets over liabilities of the SP&S to be recorded in the accounts to the New Company, as follows:

	Debit	Credit
Current assets	$ 9,303,867	
Capital and other reserve funds	121,116	
Investments	31,306,890	
Other assets	187,137	
Other deferred charges	370,326	
Current liabilities		$ 9,610,107
Casualty and other reserves		144,446
Other liabilities		169,504
Other deferred credits		238,595
Net Liability of New Company to SP&S (note D) Account 769, Amounts payable to affiliated companies		31,126,774
Total	$41,289,426	$41,289,426

D. The pro forma balance sheet as of August 31, 1961, after giving effect to the merger of the Great Northern, Northern Pacific, Burlington and Pacific Coast shows total long-term debt of $749,411,577. After giving effect to the lease of the SP&S the new figure is $780,538,351. The difference of $31,126,774 represents an intercompany indebetedness of the New Company to the SP&S as indicated under Note C above.

See Note V of the notes to the pro forma gener balance sheet of the New Company as of August 3 1961, covering long-term debt of that company in th hands of the public. The SP&S long-term debt ou standing in the hands of the public consists of equip ment obligations amounting to $4,874,371. Thi amount does not include $54,710,000 SP&S fir mortgage bonds owned by the New Company an $193,089 of SP&S equipment obligations owed to th New Company.

GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC.

Pro Forma Retained Income - Unappropriated as of August 31, 1961
After Giving Effect to Merger

F. D. No. 21478
Appendix I - 4

	N.P. Ry. Co.	G.N. Ry. Co.	C.B.& Q. R.R. Co.	S.P.& S. Ry. Co.	Pacific Coast R.R. Co.	Combined	Adjustments and Eliminations	After Adjustments and Eliminations
Credit balance at beginning of year.....	$376,316,062	$368,867,061	$343,285,113	$24,509,062	$ 1,981,126	$1,114,958,424	$	$1,114,958,424
Credits (Current year)								
Credit balance carried from income	8,866,876	8,728,982	8,379,729	(57,332)	15,234	25,933,489	(9,131,969)(a)) 712,294 (b))	17,513,814
Other credits to retained income	-	-	-	-	9,103	9,103	-	9,103
Federal income taxes assigned to retained income (Net)	-	25,045	219,575	-	-	244,620	-	244,620
Total Credits	385,182,938	377,621,088	351,884,417	24,451,730	2,005,463	1,141,145,636	(8,419,675)	1,132,725,961
Debits (current year)								
Loss on sale or retirement of property..	-	25,950	4,162	-	-	30,112	-	30,112
Other debits to retained income	10,014,200	22,668	467,363	2,398	-	10,506,629	38,831,446 (c)	49,338,075
Appropriations released	-	(1,125,000)				(1,125,000)	-	(1,125,000)
Dividends	6,592,408	13,679,890	5,979,355	-	-	26,251,653	(5,811,253) (d)	20,440,400
Total Debits	16,606,608	12,603,508	6,450,880	2,398	-	35,663,394	33,020,193	68,683,587
Credit balance as of August 31, 1961....	$368,576,330	$365,017,580	$345,433,537	$24,449,332	$ 2,005,463	$1,105,482,242	$(41,439,868)	$1,064,042,374 (e)

(a) Burlington dividends accrued by Northern Pacific Railway Company and Great Northern Railway Company.

(b) Anticipated Federal income tax saving of $712,294 on Burlington dividends (Note (a)).

(c) Net premium on redemption of Northern Pacific Refunding and Improvement Mortgage Series "A" 4½% Bonds ..... $ 846,288
Cost of Burlington common stock in excess of its par value after application of Other Capital Surplus to the extent available..... 13,535,826
Elimination of credit balance of Retained Income-Unappropriated of the S.P.& S. Ry. Co. as of August 31, 1961 not recorded by the G.N.P.& B. Lines, Inc. under terms of lease of the S.P.& S. Ry. Co. 24,449,332
$ 38,831,446

(d) Burlington dividends accrued by Northern Pacific Railway Company and Great Northern Railway Company (Note (a)) ..... $ 9,131,969
Deduct: Burlington dividend (3rd) not charged to Retained Income in that company's accounts at August 31, 1961 but accrued by Northern Pacific Railway Company and Great Northern Railway Company 3,320,716
$ 5,811,253

(e) Credit balance as of August 31, 1961 as shown above $1,064,042,374
Deduct: Anticipated Federal income tax saving on Burlington dividends (Note (b)) 712,294
Add: Burlington's (3rd) dividend not charged in that company's accounts (Note (d)) 3,320,716
Credit balance as of August 31, 1961 as shown by Pro Forma General Balance Sheets, Pages 4 and 6 ..... $1,066,650,796

( ) Denotes contra

APPENDIX I-5

GREAT NORTHERN RAILWAY COMPANY
LONG-TERM DEBT

Description	Nominal Date of Issue	Date of Maturity	Interest Rate (Percent)	Amount Outstanding at Aug. 31, 1961
Amount Due After One Year:				
Mortgage Bonds [a]				
Genl. Mtge. Gold Bonds, Series C	1- 1-23	1-1-73	5	$ 14,154,900
Genl. Mtge. Gold Bonds, Series D	7- 1-26	7-1-76	4 1/2	14,508,000
Genl. Mtge. Gold Bonds, Series N	7- 1-45	1-1-90	3 1/8	37,500,000
Genl. Mtge. Gold Bonds, Series O	7- 1-45	1-1-2000	3 1/8	37,500,000
Genl. Mtge. Gold Bonds, Series P	1- 1-46	1-1-82	2 3/4	40,000,000
Genl. Mtge. Gold Bonds, Series Q	1- 1-46	1-1-2010	2 5/8	35,000,000
Equipment Obligations	Various	Various	2-4 7/8	58,143,636
Miscellaneous Obligations				
Julia Sweitzer—Contract	12-23-59	11-1-62	5	10,276
Total amount due after one year				236,816,812
Amount Due Within One Year				
Equipment obligations				7,916,318
Miscellaneous obligations				10,276
Total amount due within one year				7,926,594
Total Long-Term Debt				$244,743,406 [b]

[a] Issued under Great Northern Gold Bond Mortgage, dated January 1, 1921.

[b] Does not include or reflect liability of Great Northern as guarantor of certain obligations of affiliated companies of $14,100,000, shown in another appendix. Also Great Northern is contingently liable as guarantor along with other railroads for its proportionate share of any contingent obligations not met by other railroad participants of obligations of Trailer Train Company aggregating $84,700,000.

NORTHERN PACIFIC RAILWAY COMPANY
LONG-TERM DEBT

Description	Nominal Date of Issue	Date of Maturity	Interest Rate (Percent)	Amount Outstanding at Aug. 31, 1961
Amount Due After One Year				
Mortgage Bonds				
Prior Lien Mortgage	Jan. 1897	Jan. 1997	4	$ 96,195,300 [c]
General Lien Mortgage	Jan. 1897	Jan. 2047	3	53,585,900 [d]
St. Paul-Duluth Divn. Mtge.	June 1900	Dec. 1996	4	253,000 [e]
Ref. & Imp. Mtge. Series A	July 1914	July 2047	4 1/2	17,631,000 [f]
Ref. & Imp. Mtge. Series E	July 1945	July 2047	4	[g]
St. Paul & Duluth RR First Consolidated Mtge.	June 1898	June 1968	4	1,000,000 [h]
Collateral Trust Bonds	Oct. 1954	Oct. 1984	4	39,376,000 [i]
Equipment Obligations	Various	Various	2 3/8-4 7/8	79,961,750
Miscellaneous Obligations				
Red Owl Whse. Mtge.	Mar. 1946	Nov. 1974	3 1/2	233,657
Total amount due after one year				288,236,607
Amount Due Within One Year				
Collateral Trust Bonds	—	—	—	1,300,000
Equipment Obligations	—	—	—	10,207,107
Miscellaneous Obligations	—	—	—	50,853
Total amount due within one year				11,557,960
Total Long-Term Debt				$299,794,567

[c] Issued under Northern Pacific Prior Lien Mortgage, dated November 10, 1896. Figure shown does not include $215,000 held in treasury or pledged.

[d] Issued under Northern Pacific General Lien Mortgage, also dated November 10, 1896. Figure shown does not include $5,555,000 held in treasury or pledged.

[e] Issued under Northern Pacific St. Paul-Duluth Division Mortgage, dated June 15, 1900.

[f] Issued under Northern Pacific Refunding and Improvement Mortgage, dated July 1, 1914. These bonds would be redeemed and cancelled as part of the proposed unification program.

[g] Issued under same vehicle described in (f) above. In addition to those publicly held $70,250,000 principal amount of Northern Pacific Refunding and Improvement bonds, Series E, issued under same mortgage are pledged under Northern Pacific Collateral Trust Indenture dated October 1, 1954. After merger of Northern Lines those bonds would be released from pledge and like amount of New Company's new consolidated mortgage bonds would be deposited and pledged in substitution therefor.

[h] Issued under the St. Paul and Duluth First Consolidated Mortgage, dated June 1, 1898.

[i] Issued under North Pacific Collateral Trust Indenture, dated October 1, 1954. Figure shown does not include $3,699,000 held in treasury or pledged.

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY
LONG-TERM DEBT

Description	Nominal Date of Issue	Date of Maturity	Interest Rate (Percent)	Amount Outstanding at Aug. 31, 1961
Amount Due After One Year				
Mortgage Bonds [j]				
First & Ref. Mtge., Series 1970	8-1-44	8-1-70	4 1/2	$ [k]
First & Ref. Mtge., Series 1970	8-1-45	8-1-70	2 7/8	45,230,000 [l]
First & Ref. Mtge., Series 1978	2-1-58	2-1-78	4 3/8	21,975,000 [m]
First & Ref. Mtge., Series 1985	8-1-45	8-1-85	3 1/8	38,681,710 [n]
First & Ref. Mtge., Series 1990	2-1-50	2-1-90	3	21,565,000 [o]
First & Ref. Mtge., Series 1998	2-1-58	2-1-98	4	[p]
Equipment Obligations	Various	Various	2 1/4-5	81,627,232 [q]
Amounts payable to Affiliated Cos.	—	—	2-3	575,602
Total amount due after one year				209,654,544
Amount Due Within One Year				
First & Ref. Mtge., Series 1985	—	—	—	1,271,290
Equipment obligations			2-2 3/8%	11,977,372
Total amount due within one year				13,248,662
Total Long-Term Debt				$222,903,206

[j] Issued under Burlington First and Refunding Mortgage, dated February 1, 1921, under which First National City Bank is successor trustee, and secured by a first lien on 7,854.03 miles of railroad owned by Burlington and on all (358,563) shares of capital stock owned by Burlington in C&S and various terminal companies.

[k] $10,140,000 principal amount excluded-heretofore reacquired and held in treasury.

[l] $166,000 principal amount excluded-heretofore reacquired and held in treasury.

[m] $500,000 principal amount excluded-heretofore reacquired and held in treasury.

[n] $355,000 principal amount excluded-heretofore reacquired and held in treasury.

[o] $552,000 principal amount excluded-heretofore reacquired and held in treasury.

[p] $19,729,000 principal amount excluded-heretofore reacquired and held in treasury.

[q] $30,000 principal amount excluded-heretofore reacquired and held in treasury.

SPOKANE, PORTLAND AND SEATTLE RAILWAY CO.
LONG-TERM DEBT

Description	Nominal Date of Issue	Date of Maturity	Interest Rate (Percent)	Amount Outstanding at Aug. 31, 1961
Amount Due After One Year:				
First Mtge. Bonds	3-1-11	3-1-71	4	$ 54,710,000 [r]
Equipment obligations	Various	Various	2 1/8-4	4,011,493
Total amount due after one year				58,721,493
Amount Due Within One Year				
Equipment obligations	—	—	2 1/8 to 3 3/4	1,055,967
Total amount due within one year				1,055,967
Total Long-Term Debt				$ 59,777,460

[r] Owned one-half each by Northern Pacific and Great Northern.

These bonds were originally due March 1, 1961, extended to March 1, 1971, under Finance Docket No. 21468, dated Feb. 24, 1961.

Because the proposal involving SP&S contemplates lease only these bonds held in equal proportions by Great Northern and Northern Pacific would not be extinquished.

APPENDIX I-6

CONTINGENT LIABILITIES AS AT AUGUST 31, 1961

Amount of Contingent liability	Names of all parties principally and primarily liable	Description	Northern Pacific	Great Northern	Burlington	No. of Other Guarantors
$10,655,000	St. Paul Union Depot Co.	First & Ref. Mtge. Bonds Series "B" 3 1/8% due 10-1-71	Yes	Yes	Yes	5
900,000	Spokane, Portland and Seattle Ry. Co.	Equipment Trust of 1949 2 3/8% Serial Eq. Tr. certificates	Yes	Yes		
2,706,000	Spokane, Portland and Seattle Ry. Co.	Equipment Trust of 1957 3 3/4% Serial Eq. Tr. certificates	Yes	Yes		
84,700,000	Trailer Train Company	Equipment purchase obligations	Yes	Yes	Yes	33
116,739	Missabe Realty Company	Real estate mortgage	Yes			
13,557,000	Chicago Union Station Co.	First Mtge. 3 1/8% Bonds, Series F, due 7/1/63			Yes	3
33,406,000	Chicago Union Station Co.	First Mtge. 2 7/8% Bonds, Series G, due 7/1/63			Yes	3
2,500,000	Chicago Union Station Co.	Bank note—5 1/4%			Yes	3
38,602,000	Kansas City Terminal Ry. Co.	First Mtge. Serial Bonds due 10/1/74			Yes	11
7,853,575	Terminal Railroad Assn. of St. Louis	Ref. & Imp. Mtge. 4% Bonds, Series C, due 7/1/2019			Yes	15
33,351,000	Terminal Railroad Assn. of St. Louis	Ref. & Imp. Mtge. 2 7/8% Bonds, Series D, due 10/1/85			Yes	15
203,500	Terminal Railroad Assn. of St. Louis	Bank note—4 3/4%			Yes	15
2,860,000	Packers Car Line Co.	Equipment Purchase obligations			Yes	9
8,500,000	Illinois Terminal Railroad Co.	Note			Yes	9
14,250,000	Great Northern Pension Plan	Unfunded past service pension costs—estimated liab.		Yes		
10,000,000	Northern Pacific Funded Pension Plan	Unfunded past service pension costs—estimated liab.	Yes			

Northern Pacific, Great Northern and Burlington each carrys a service interruption policy with the Imperial Insurance Company, Limited, under which they will be entitled to indemnity for certain work stoppage losses. In the event such losses are sustained by other railroads holding similar policies, the Companies may be obligated to pay additional premiums.

GREAT NORTHERN RAILWAY COMPANY
COMPARATIVE INCOME STATEMENTS

F. D. No. 21478
Appendix I - 7 (page 1)

	1958	1959	1960	8 months ending Aug. 31, 1961
Railway Operating Income				
Railway operating revenues	$251,671,504	$254,559,530	$246,024,650	$150,679,331
Railway operating expenses	190,854,844	197,108,501	194,051,856	125,166,549
Net revenue from railway operations	60,816,660	57,451,029	51,972,794	25,512,782
Railway tax accruals	32,386,938	29,861,886	28,701,516	15,588,256
Railway operating income	28,429,722	27,589,143	23,271,278	9,924,526
Rent Income				
Rent from locomotives	276,997	223,276	191,135	113,348
Rent from passenger-train cars	1,151,525	1,155,677	1,073,814	729,435
Rent from work equipment	14,922	33,275	24,044	19,424
Joint facility rent income	1,694,034	1,579,726	1,612,979	1,122,700
Total rent income	3,137,478	2,991,954	2,901,972	1,984,907
Rents Payable				
Hire of freight cars-Dr. bal.	2,249,511	3,111,672	4,473,541	2,331,648
Rent for locomotives	150,698	91,520	89,012	65,234
Rent for passenger-train cars	1,008,478	959,966	920,445	533,784
Rent for work equipment	25,381	3,318	1,513	3,285
Joint facility rents	2,309,822	2,204,193	2,253,291	1,463,855
Total rents payable	5,743,890	6,370,669	7,737,802	4,397,806
Net rents	(2,606,412)	(3,378,715)	(4,835,830)	(2,412,899)
Net railway operating income	25,823,310	24,210,428	18,435,448	7,511,627
Other Income				
Income from lease of road and equipment	5,588	6,390	4,674	2,816
Miscellaneous rent income	631,581	679,734	705,401	586,570
Income from nonoperating property	680,997	641,101	545,553	277,015
Separately operated properties-Profit	--	--	56,447	--
Dividend income	6,405,789	6,338,014	6,313,714	4,628,494
Interest income	2,183,588	2,633,966	2,915,729	1,391,118
Income from sinking and other reserve funds	188,062	312,548	262,081	48,367
Miscellaneous income	925,543	721,208	645,151	249,094
Total other income	11,021,148	11,332,961	11,448,750	7,183,474
Total income	36,844,458	35,543,389	29,884,198	14,695,101
Miscellaneous Deductions From Income				
Miscellaneous rents	51,479	58,837	59,592	40,638
Miscellaneous tax accruals	201,930	209,375	230,670	137,124
Separately operated properties-Loss	37,829	161,218	--	18,600
Miscellaneous income charges	634,399	139,547	383,815	325,654
Total miscellaneous deduction	925,637	568,977	674,077	522,016
Income available for fixed charges	35,918,821	34,974,412	29,210,121	14,173,085
Fixed Charges				
Rent for leased road and equipment	1,695	2,071	3,854	1,719
Interest on funded debt	8,195,887	8,261,042	8,337,072	5,353,703
Interest on unfunded debt	3,576	--	472	722
Amortization of discount on funded debt	139,865	153,026	145,509	88,159
Total fixed charges	8,341,023	8,416,139	8,486,907	5,444,103
Income after fixed charges	$ 27,577,798	$ 26,558,273	$ 20,723,214	$ 8,728,982
Operating Ratio:	75.04%	77.45%	78.87%	83.07%

( ) Denotes contra

NORTHERN PACIFIC RAILWAY COMPANY
COMPARATIVE INCOME STATEMENTS

	1958	1959	1960	8 months ending Aug. 31, 1961
Railway Operating Income				
Railway operating revenue	$179,107,731	$183,608,782	$174,915,492	$108,845,104
Railway operating expenses	143,066,032	146,426,171	147,871,058	95,624,892
Net revenue from railway operations	36,041,699	37,182,611	27,044,434	13,220,212
Railway tax accruals	21,139,202	25,492,066	20,212,004	12,134,740
Railway operating income	14,902,497	11,690,545	6,832,430	1,085,472
Rent Income				
Rent from locomotives	253,114	254,430	227,471	191,132
Rent from passenger-train cars	957,507	913,552	1,084,861	678,156
Rent from work equipment	74,700	102,313	183,797	59,454
Joint facility rent income	4,365,869	4,546,122	4,645,780	3,011,332
Total rent income	5,651,190	5,816,417	6,181,909	3,940,074
Rents Payable				
Hire of freight cars-Dr. bal.	591,654	1,186,321	855,438	317,496
Rent for locomotives	53,548	62,514	66,759	36,714
Rent for passenger-train cars	585,449	508,878	647,751	381,137
Rent for work equipment	1,432	3,015	5,718	3,790
Joint facility rents	1,096,285	1,177,716	1,283,133	906,180
Total rents payable	2,328,368	2,938,444	2,858,799	1,645,317
Net rents	3,322,822	2,877,973	3,283,110	2,294,757
Net railway operating income	18,225,319	14,568,518	10,115,540	3,380,229
Other Income				
Income from lease of road and equipment	45,964	47,081	46,693	31,129
Miscellaneous rent income	1,371,432	1,489,083	1,386,611	993,049
Income from nonoperating property	5,722,257	9,115,847	8,404,803	5,499,283
Dividend income	6,603,231	6,356,530	6,986,559	4,649,747
Interest income	2,667,261	3,211,459	3,547,428	2,195,860
Income from sinking and other reserve funds	69,917	113,156	208,428	54,990
Miscellaneous income	1,192,201	1,380,301	932,096	704,481
Total other income	17,672,263	21,713,457	21,512,618	14,128,539
Total income	35,897,582	36,281,975	31,628,158	17,508,768
Miscellaneous Deductions From Income				
Miscellaneous rents	30,391	29,579	30,627	28,898
Miscellaneous tax accruals	661,702	711,481	683,912	526,765
Miscellaneous income charges	2,085,874	593,609	932,674	520,049
Total miscellaneous deductions	2,777,967	1,334,669	1,647,213	1,075,712
Income available for fixed charges	33,119,615	34,942,306	29,980,945	16,433,056
Fixed Charges				
Rent for leased road and equipment	49,618	49,768	49,618	33,079
Interest on funded debt	10,924,586	11,009,193	11,256,439	7,450,078
Interest on unfunded debt	1,966	1,878	10,927	2,284
Amortization of discount on funded debt	131,469	105,302	116,767	80,739
Total fixed charges	11,107,639	11,166,141	11,433,751	7,566,180
Income after fixed charges	$ 22,011,976	$ 23,781,165	$ 18,547,194	$ 8,866,876
Operating Ratio:	79.87%	79.74%	84.54%	87.85%

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY
COMPARATIVE INCOME STATEMENTS

F. D. No. 21478
Appendix I - 7 (page 3

	1958	1959	1960	8 months ending Aug. 31, 1961
Railway Operating Income				
Railway operating revenues	$258,027,700	$263,072,863	$251,135,890	$166,848,230
Railway operating expenses	200,263,598	209,875,069	203,951,532	133,739,062
Net revenue from railway operations	57,764,102	53,197,814	47,184,358	33,109,168
Railway tax accruals	27,403,280	27,339,438	25,178,072	17,772,804
Railway operating income	30,360,822	25,858,376	22,006,286	15,336,364
Rent Income				
Rent from locomotives	177,810	139,111	93,316	57,439
Rent from passenger-train cars	1,451,453	1,368,610	1,423,519	900,006
Rent from work equipment	41,104	145,917	59,240	38,818
Joint facility rent income	779,659	828,502	867,468	599,923
Total rent income	2,450,026	2,482,140	2,443,543	1,596,186
Rents Payable				
Hire of freight cars-Dr. bal.	4,817,495	4,654,351	3,252,317	2,278,130
Rent for locomotives	84,980	(617)	4,640	2,906
Rent for passenger-train cars	1,039,396	1,061,073	1,118,395	709,519
Rent for work equipment	272	48	57	--
Joint facility rents	3,195,992	3,183,635	3,441,922	2,228,635
Total rents payable	9,138,045	8,898,490	7,817,331	5,219,190
Net Rents	(6,688,019)	(6,416,350)	(5,373,788)	(3,623,004)
Net railway operating income	23,672,803	19,442,026	16,632,498	11,713,360
Other Income				
Income from lease of road and equipment	7,724	6,787	6,910	4,608
Miscellaneous rent income	732,649	783,071	875,862	625,479
Income from nonoperating property	364,467	409,087	334,672	237,676
Separately operated properties	12,073	12,205	13,545	9,103
Dividend income	992,127	723,198	753,370	75,242
Interest income	793,078	1,290,237	1,238,197	574,912
Release of premiums on funded debt	21	21	20	13
Miscellaneous income	634,363	2,764,870	573,244	502,839
Total other income	3,536,502	5,989,475	3,795,820	2,029,872
Total income	27,209,305	25,431,502	20,428,318	13,743,232
Miscellaneous Deductions From Income				
Miscellaneous rents	31,072	29,446	33,210	21,515
Miscellaneous tax accruals	137,226	153,492	181,523	122,824
Separately operated properties-Loss	--	--	--	952
Miscellaneous income charges	180,049	203,564	108,072	90,489
Total miscellaneous deductions	348,347	386,502	322,805	235,780
Income available for fixed charges	26,860,958	25,045,000	20,105,513	13,507,452
Fixed Charges				
Rent for leased road and equipment	57,632	56,623	57,293	44,472
Interest on funded debt	7,247,259	7,228,783	7,484,585	5,034,969
Interest on unfunded debt	1,704	1,441	1,245	233
Amortization of discount on funded debt	62,631	62,010	69,252	48,049
Total fixed charges	7,369,226	7,348,857	7,612,375	5,127,723
Net income after fixed charges	$ 19,491,732	$ 17,696,143	$ 12,493,138	$ 8,379,729
Operating ratio:	77.61%	78.99%	81.21%	80.27%

SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY
COMPARATIVE INCOME STATEMENTS

F. D. No. 21478
Appendix I - 7 (page 4)

	1958	1959	1960	8 months ending Aug. 31, 1961
Railway Operating Income				
Railway operating revenues	$25,040,519	$26,824,576	$25,048,890	$15,376,179
Railway operating expenses	19,699,569	20,403,517	20,030,653	12,840,134
Net revenue from railway operations	5,340,950	6,421,059	5,018,237	2,536,045
Railway tax accruals	2,237,201	2,217,938	2,491,501	1,559,862
Railway operating income	3,103,749	4,203,121	2,526,736	976,183
Rent Income				
Hire of freight cars-Cr. bal.	65,451	--	--	--
Rent from locomotives	455,904	465,889	471,569	333,538
Rent from passenger-train cars	188,075	207,923	177,759	119,071
Rent from work equipment	98,423	127,871	108,317	65,437
Joint facility rent income	367,407	383,602	416,916	272,661
Total rent income	1,175,260	1,185,285	1,174,561	790,707
Rents Payable				
Hire of freight cars-Dr. bal.	--	26,032	77,356	76,176
Rent for locomotives	1,582	25,819	18,697	14,956
Rent for passenger-train cars	142,789	150,445	146,514	88,143
Rent for work equipment	292	13	(7,602)	393
Joint facility rents	394,566	530,689	489,317	357,786
Total rents payable	539,229	732,998	724,282	537,454
Net rents	636,031	452,287	450,279	253,253
Net railway operating income	3,739,780	4,655,408	2,977,015	1,229,436
Other Income				
Miscellaneous rent income	106,264	118,114	147,707	112,515
Income from nonoperating property	427,657	393,332	468,024	352,015
Interest income	27,000	45,037	30,855	10,408
Income from sinking and other reserve funds	644	1,217	2,555	1,558
Miscellaneous income	10,658	126,875	(5,371)	2,514
Total other income	572,223	684,575	643,770	479,010
Total income	4,312,003	5,339,983	3,620,785	1,708,446
Miscellaneous Deductions From Income				
Miscellaneous rents	1,328	1,335	1,13'	755
Miscellaneous tax accruals	46,765	42,349	36,842	24,460
Miscellaneous income charges	61,544	33,012	24,722	71,630
Total miscellaneous deductions	109,637	76,696	62,753	96,845
Income available for fixed charges	4,202,366	5,263,287	3,558,032	1,611,601
Fixed Charges				
Rent for leased roads and equipment	36,871	37,603	37,603	25,069
Interest on funded debt	2,756,138	2,545,478	2,415,022	1,584,780
Amortization of discount on funded debt	366,618	342,618	330,619	59,084
Total fixed charges	3,159,627	2,925,699	2,783,244	1,668,933
Income after fixed charges	1,042,739	2,337,588	774,788	(57,332)
Operating Ratio:	78.67%	76.06%	79.96%	83.51%

( ) Denotes contra

PACIFIC COAST RAILROAD COMPANY
COMPARATIVE INCOME STATEMENTS

F. D. No. 21478
Appendix I - 7 (page 5)

	1958	1959	1960	8 months ending Aug. 31, 1961
Railway Operating Income				
Railway operating revenues	$285,666	$316,625	$318,311	$195,594
Railway operating expenses	241,695	279,194	263,194	169,454
Net revenue from railway operations	43,971	37,431	55,117	26,140
Railway tax accruals	68,995	66,440	103,608	51,166
Railway operating income	(25,024)	(29,009)	(48,491)	(25,026)
Rent Income				
Rent from locomotives	31	51	80	18
Joint facility rent income	77,550	74,749	109,997	52,318
Total rent income	77,581	74,800	110,077	52,336
Rents Payable				
Hire of freight cars-Dr. bal.	58,565	55,317	34,354	34,582
Rent for locomotives	6,055	6,436	7,276	4,533
Rent for passenger train cars	31	--	--	--
Rent for work equipment	512	444	4,327	340
Joint facility rents	2,617	2,953	2,905	1,825
Total rents payable	67,780	65,150	48,862	41,280
Net rents	9,801	9,650	61,215	11,056
Net railway operating income	(15,223)	(19,359)	(12,724)	(13,970)
Other Income				
Income from lease of road and equipment	2,499	2,499	2,499	1,666
Miscellaneous rent income	11,369	10,083	11,486	9,388
Income from nonoperating property	8,345	11,750	13,300	10,292
Interest income	--	--	205	1,791
Miscellaneous income	1,448	--	316	11,056
Total other income	23,661	24,332	27,806	34,193
Total income	8,438	4,973	40,530	20,223
Miscellaneous Deduction From Income				
Miscellaneous rents	2	2	2	--
Miscellaneous tax accruals	2,492	5,187	13,146	4,946
Miscellaneous income charges	5,865	14	21	43
Total miscellaneous deductions	8,359	5,203	13,169	4,989
Income available for fixed charges	79	(230)	27,361	15,234
Fixed Charges				
Interest on funded debt	--	--	--	--
Total fixed charges	--	--	--	--
Net income after fixed charges	$ 79	$ (230)	$ 27,361	$ 15,234
Operating Ratio:	84.67%	88.17%	82.68%	86.84%

( ) Denotes contra

GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC.
COMBINED AND PROFORMA INCOME STATEMENT AS OF AUGUST 31, 1961

F. D. No. 21478
Appendix I - 7 (page 6)

	Northern Pacific	Great Northern	Burlington	Pacific Coast	SP&S	Combined	Adjustments	Combined Pro Forma
Railway Operating Income								
Railway operating revenues	$108,845,104	$150,679,331	$166,848,230	$195,594	$15,376,179	$441,944,438	$	$441,944,438
Railway operating expenses	95,624,892	125,166,549	133,739,062	169,454	12,840,134	367,540,091		367,540,091
Net revenue from railway operations	13,220,212	25,512,782	33,109,168	26,140	2,536,045	74,404,347		74,404,347
Railway tax accruals	12,134,740	15,588,256	17,772,804	51,166	1,559,862	47,106,828	(a) (718,294)	46,394,534
Railway operating income	1,085,472	9,924,526	15,336,364	(25,026)	976,183	27,297,519	718,294	28,009,813
Rent Income								
Rent from locomotives	191,132	113,348	57,439	18	333,538	695,475		695,475
Rent from passenger-train cars	678,156	729,435	900,006	—	119,071	2,426,668		2,426,668
Rent from work equipment	59,454	19,424	38,818	—	65,437	183,133		183,133
Joint facility rent income	3,011,332	1,122,700	599,923	52,316	272,661	5,058,934		5,058,934
Total rent income	3,940,074	1,984,907	1,596,186	52,316	790,707	8,364,210		8,364,210
Rents Payable								
Hire of freight cars-debit bal.	317,496	2,331,648	2,278,130	34,562	76,176	5,038,032		5,038,032
Rent for locomotives	36,714	65,234	2,906	4,533	14,956	124,343		124,343
Rent for passenger-train cars	361,137	533,784	709,519	—	88,143	1,712,583		1,712,583
Rent for work equipment	3,790	3,285	—	340	393	7,808		7,808
Joint facility rents	906,180	1,461,855	2,228,635	1,825	357,786	4,958,281		4,958,281
Total rents payable	1,645,317	4,397,806	5,219,190	41,260	537,454	11,841,047		11,841,047
Net rents	2,294,757	(2,412,899)	(3,623,004)	11,056	253,253	(3,476,837)		(3,476,837)
Net railway operating income	3,380,229	7,511,627	11,713,360	(13,970)	1,289,436	23,820,682	718,294	24,532,976
Other Income								
Income from lease of road and equipment	31,129	2,816	4,608	1,666	—	40,219		40,219
Miscellaneous rent income	993,049	586,570	625,479	9,388	112,515	2,327,001		2,327,001
Income from non-operating property	5,499,283	277,015	237,676	10,292	352,015	6,376,281		6,376,281
Separately operated properties-Profit	—	—	9,103	—	—	9,103		9,103
Dividend income	4,649,747	4,628,494	75,242	—	—	9,353,483	(b)(9,131,969)	221,514
Interest income	2,195,860	1,391,118	574,912	1,791	10,408	4,174,089	(c)(1,458,933)	2,715,156
Income from sinking and other reserve funds	54,990	48,367	—	—	1,558	104,915		104,915
Release of premium on funded debt	—	—	13	—	—	13		13
Miscellaneous income	704,481	249,094	502,839	11,056	2,514	1,469,984		1,469,984
Total other income	14,128,539	7,183,474	2,029,872	34,193	479,010	25,855,088	(10,590,902)	15,264,186
Total income	17,508,768	14,695,101	13,743,232	20,223	1,768,446	47,675,770	(9,872,608)	37,797,162
Miscellaneous Deductions From Income								
Miscellaneous rents	28,898	40,638	21,515	—	755	91,806		91,806
Miscellaneous tax accruals	526,765	137,124	122,824	4,946	24,460	816,119		816,119
Separately operated properties-Loss	—	18,600	952	—	—	19,552		19,552
Miscellaneous income charges	520,049	325,654	90,489	43	71,630	1,007,865		1,007,865
Total miscellaneous deductions	1,075,712	522,016	235,780	4,989	96,845	1,935,342		1,935,342
Income available for fixed charges	16,433,056	14,173,085	13,507,452	15,234	1,611,601	45,740,428	(9,872,608)	35,861,820
Fixed Charges								
Rent for leased road and equipment	33,079	1,519	44,472	—	25,069	104,139		104,139
Interest on funded debt	7,450,078	5,353,703	5,034,969	—	1,584,780	19,423,530	(d)(1,458,933)	17,964,597
Interest on unfunded debt	2,284	722	233	—	—	3,239		3,239
Amortization of discount on funded debt	80,739	88,159	48,049	—	59,084	276,031		276,031
Total fixed charges	7,566,180	5,444,103	5,127,723	—	1,668,933	19,806,939	(1,458,933)	18,348,006
Income after fixed charges	$ 8,866,876	$ 8,728,982	$ 8,379,729	$ 15,234	$ (57,332)	$ 25,933,489	$16,419,675	$ 17,513,814
Operating ratio	87.85%	83.07%	80.27%	83.58%	86.84%	83.16%		83.16%

( ) Denotes contra

a. Elimination of Federal income tax on Burlington dividends. Actual for first 8 months of 1961.
b. Elimination of Burlington dividends accrued for first 8 months by Great Northern and Northern Pacific.
c. Elimination of interest income on SP&S first mortgage bonds accrued to Great Northern and Northern Pacific.
d. Elimination of interest accrued on first mortgage bonds by SP&S.

Reconciliation with hearing examiner's determination of anticipated savings as adjusted:

	2/3 of total
Total savings as adjusted	$30,403,558
Less: 12½% allowance for contingencies	3,800,445
Less: Federal income tax on Burlington dividends	712,294
Balance subject to Federal income tax	25,890,819
Less: Federal income tax at 52%	13,463,226
Net savings as adjusted	$12,427,593
Net income from pro forma income statement	17,513,814
Net income as adjusted	$29,941,407

Finance Docket No. 21478

Appendix I - 8

EARNINGS PER SHARE COMMON STOCK, DIVIDENDS, MEAN STOCK MARKET PRICE PER SHARE AND DIVIDENDS DECLARED FOR GREAT NORTHERN, NORTHERN PACIFIC, AND BURLINGTON FOR THE YEARS 1951 TO 1960

Year	Great Northern	Northern Pacific	Burlington
	EARNINGS PER SHARE COMMON STOCK		
1951	$ 3.91	$ 2.68	$ 14.78
1952	4.55	2.66	16.39
1953	4.92	2.61	15.02
1954	4.21	2.41	13.47
1955	5.27	3.22	12.97
1956	5.32	3.52	12.62
1957	4.38	3.54	10.06
1958	4.52	3.68	11.41
1959	4.35	3.97	10.36
1960	3.41	3.10	7.31
	DIVIDENDS DECLARED PER SHARE COMMON STOCK		
1951	$ 2.00	$ 1.25	$ 7.00
1952	2.00	1.50	7.50
1953	2.00	1.50	7.50
1954	2.10	1.50	7.50
1955	2.35	1.58	7.50
1956	2.63	1.50	7.50
1957	3.00	1.63	7.50
1958	3.00	1.67	7.50
1959	3.00	2.00	7.50
1960	3.00	2.20	7.50
	MEAN STOCK MARKET PRICES PER SHARE OF COMMON STOCK		
1951	$ 25.88	$ 25.50	$ 115.50
1952	25.94	38.38	121.50
1953	25.88	34.00	125.50
1954	30.69	31.81	137.50
1955	39.94	37.13	150.00
1956	42.63	40.50	155.25
1957	38.63	40.94	174.00
1958	40.88	45.81	146.00
1959	52.31	49.56	155.00
1960	47.81	41.69	135.50

EARNINGS PER SHARE COMMON STOCK, DIVIDENDS, MEAN STOCK MARKET PRICE PER SHARE AND DIVIDENDS DECLARED FOR GREAT NORTHERN, NORTHERN PACIFIC AND BURLINGTON FOR THE YEARS 1951 TO 1960

Year	Great Northern	Northern Pacific	Burlington
	TOTAL DIVIDENDS DECLARED		
1951	$12,360,044	$ 6,199,275	$11,958,709
1952	12,172,714	7,439,130	12,812,902
1953	12,172,938	7,439,130	12,812,902
1954	12,724,524	7,439,130	12,812,902
1955	14,265,083	7,812,663	12,812,902
1956	15,910,682	9,433,343	12,812,902
1957	18,214,023	9,442,385	12,812,902
1958	18,250,025	*53,176,149	12,812,902
1959	18,310,154	12,263,673	12,812,902
1960	18,293,929	13,174,431	12,812,902
1961	18,236,342	13,186,261	12,812,902

* Includes 20% stock dividend of $42,728,362.

APPENDIX I-9

RATES OF RETURN FOR APPLICANT RAILROADS

Year	Great Northern		Northern Pacific		Burlington		SP&S	
	As computed by applicants	Elements of value	As computed by applicants	Elements of value	As computed by applicants	Elements of value	As computed by applicants	Elements of value
1951	3.67	3.39	2.58	2.97	4.70	4.55	5.55	5.27
1952	4.00	*	2.38	2.75	4.81	4.65	5.21	5.34
1953	4.10	4.43	2.26	2.61	4.37	4.26	5.92	5.40
1954	3.57	3.89	2.31	2.63	3.95	3.93	5.96	5.18
1955	4.38	4.73	2.81	3.21	3.74	3.80	5.48	5.36
1956	4.33	4.74	2.55	2.88	3.57	3.54	5.40	5.10
1957	3.52	3.74	2.42	3.99	2.88	2.73	3.66	3.00
1958	3.66	3.87	2.50	2.77	3.17	3.03	3.35	3.21
1959	3.45	3.60	2.00	2.17	2.59	2.50	4.06	4.24
1960	2.64	2.73	1.37	1.49	2.20	2.14	2.62	2.45
1961	2.40	2.47	1.16	1.26	2.51	2.42	1.74	1.72

* Data not available

1960	2.64	2.73	1.37	1.49	2.20	2.14	2.62	2.45
1961	2.40	2.47	1.16	1.26	2.51	2.42	1.74	1.72

* Data not available

Appendix I - 11

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

NET INCOME, DIVIDENDS, AND SHAREHOLDERS' EQUITY
(000 omitted)

Year	Net Income	Cash Dividends	Shareholders' Equity, 12/31
1926	$23,890	$17,084	$368,646
1927	21,443	17,084	370,916
1928	26,278	17,084	382,587
1929	29,577	17,084	396,982
1930	21,980	17,084	393,633
1931	13,320	17,084	388,438
1932	1,503	5,125	381,735
1933	5,598	5,125	376,965
1934	4,455	5,125	370,088
1935	1,843	3,417	364,838
1936	5,157	6,834	360,058
1937	4,907	3,417	359,078
1938	3,642	3,417	358,399
1939	3,661	3,417	353,889
1940	4,393	3,417	352,555
1941	10,419	3,417	354,150
1942	28,647	5,125	371,627
1943	28,231	5,125	393,509
1944	24,647	5,125	407,776
1945	27,405	10,250	408,268
1946	23,103	10,250	420,738
1947	27,742	10,250	439,070
1948	28,082	11,959	455,315
1949	15,419	8,542	462,180
1950	33,762	11,959	482,880
1951	25,249	11,959	494,987
1952	28,001	12,813	512,539
1953	25,662	12,813	525,552
1954	23,012	12,813	528,271
1955	22,158	12,813	541,484
1956	21,565	12,813	549,157
1957	17,183	12,813	553,412
1958	19,492	12,813	556,726
1959	17,696	12,813	563,577
1960	12,493	12,813	562,676
1961	14,409	12,813	563,628

Source: Annual Report Form A, Moody's Transportation Manual.

APPENDIX I-12

BURLINGTON TRUCK LINES, INC.

General Balance Sheet—November 30, 1961

ASSETS

Current Assets		
Cash		$ 940,613
Working fund		2,750
Special deposits		585
Temporary cash investments		98,504
Receivables from affiliated companies		467,088
Accounts receivable-agents, customers & interline		766,049
Accounts receivable-other		59,229
Prepayments		445,935
Material and supplies		215,449
Total current assets		2,996,202
Tangible Property		
Carrier operating property	$16,119,134	
Less reserve for depreciation	7,749,365	
		8,369,769
Intangible Property		
Organization, franchises		3,484
Other intangible property	$ 335,431	
Less reserve for amortization	182,276	
Total other intangible property		153,155
Total intangible property		156,639
Investment Securities and Advances		
Other investments and advances		12,051
Deferred Debits		
Other deferred debits		41,304
Miscellaneous Debit Items		
Commission and expense on capital stock		825
TOTAL ASSETS		$11,576,790

BURLINGTON TRUCK LINES, INC.

General Balance Sheet—November 30, 1961

LIABILITIES

Current Liabilities		
Accounts payable		$ 602,580
Wages payable		331,279
C.O.D.'s unremitted		35,224
Taxes accrued		482,132
Interest accrued		1,214
Other current liabilities		2,463,349
Total current liabilities		3,915,798
Long-Term Debt Due Within One Year		
Equipment obligations	$1,545,299	
Other debt due within one year	69,584	1,614,883
Advances Payable—Affiliated Companies		405,267
Equipment Obligations		1,153,681
Deferred Credits—others		11,827
Injuries, Loss and Damage Reserve		38,411
Capital Stock Common		750,000
Surplus		
Earned surplus	$3,705,181	
Income account current year	(18,259)	3,686,922
TOTAL LIABILITIES		$11,576,790

NORTHERN PACIFIC TRANSPORT COMPANY

General Balance Sheet - November 30, 1961

ASSETS

Current Assets		
Cash		$ 188,943
Working funds		500
Receivables from affiliated companies		95,955
Accounts receivable - Agents, customers and interline		71,896
Accounts receivable - Other		7,307
Prepayments		119,627
Material and supplies		188,706
Other current assets		4,076
		$ 677,010
Tangible Property		
Carrier operating property	$ 2,799,762	
Less reserve for depreciation	1,229,782	
Total tangible property		$ 1,569,980
Non-Carrier property	1,701,948	
Less reserve for depreciation other property	443,813	
Total non-carrier property		1,258,135
Intangible Property		
Organization, franchises and permits		3,513
Other intangible property	102,431	
Less reserve for amortization	24,568	
Total other intangible property		77,863
Total intangible property		81,376
Investment Securities and Advances		
Other investments and advances		214,483
Deferred Debits		
Other deferred debits		16,855
Miscellaneous Debit Items		
Commission and expense on capital stock		549
TOTAL ASSETS		$ 3,818,388

Appendix I - 12. (Cont'd)

NORTHERN PACIFIC TRANSPORT COMPANY

General Balance Sheet - November 30, 1961

LIABILITIES

Current Liabilities		
Accounts payable		$ 196,646
Wages payable		78,765
Taxes accrued		42,145
Interest accrued		6,426
Other current liabilities		221,943
Total current liabilities		545,925
Long Term Debt Due Within One Year		
Notes Payable		258,073
Advances Payable - Affiliated Companies		619,796
Equipment and Other Long Term Obligations		
Notes payable		202,245
Deferred Credits		6,272
Injuries, Loss and Damage Reserve		5,741
Capital Stock Common		500,000
Surplus		
Unearned surplus	$ 868,594	
Earned surplus	490,202	
Credit balance transferred from income	321,540	1,680,336
TOTAL LIABILITIES		$ 3,818,388

Appendix I - 12

SUPERIOR & DULUTH TRANSFER COMPANY
General Balance Sheet
December 31, 1961

Name of Account		Amount	Total
ASSETS			
CURRENT ASSETS			
Cash		$ 8,654	
Accounts receivable		7,682	
Prepayments		2,009	
Materials and supplies		320	
Total Current Assets			$18,665
INVESTMENTS			
Carrier operating property	$111,334		
Less: Accrued depreciation	70,748		
Total operating property		40,586	
Non-carrier property	$ 26,295		
Less: Accrued depreciation	12,071		
Total non-carrier property		16,224	
Total Investments			56,810
DEFERRED DEBITS			
Other deferred debits			265
Total Assets			$75,740
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$ 692		
Wages payable	1,514		
Taxes accrued	2,143		
Total Current Liabilities			$ 4,349
ADVANCES PAYABLE			
Advances payable-Great Northern Railway			41,729
CAPITAL STOCK			
Common capital stock			35,000
CORPORATE SURPLUS			
Unearned surplus	$ 1,852		
Earned surplus	7,191 Dr.		
Total Corporate Surplus			5,338 Dr.
Total Liabilities			$75,740

Finance Docket No.
Appendix J

APPLICANT RAILROADS-VALUE OF SECURITIES OWNED - AS OF DECEMBER 31, 1960

	Burlington			Great Northern			Northern Pacific			SP&S			Grand Total		
	Par Value	Book Value	Market or Estimated Value[a]	Par Value	Book Value	Market or Estimated Value[a]	Par Value	Book Value	Market or Estimated Value[a]	Par Value	Book Value	Market or Estimated Value[a]	Par Value	Book Value	
is in															
ted Companies:	$40,784,644	$26,837,781	$28,258,186	$115,661,090[b]	$143,478,443[b]	$44,660,055[b]	$108,143,480[b]	$144,854,705[b]	$35,276,469[b]	$12,757,100	$38,627,963	$29,173,147	$277,376,274	$353,838,892	$
s	405,000	405,000	405,000	27,355,000	19,148,500	19,148,500	27,355,000	19,148,500	19,148,500	--	--	--	55,115,000	38,702,000	
	780,719	780,719	780,719	1,134,739	1,134,739	1,134,739	3,115,061	3,115,061	3,115,061	--	28,915	28,915	5,030,519	5,059,434	
ured notes	13,121,998	13,121,998	13,121,998	--	10,982,569	10,982,569	--	2,328,661	2,328,661	--	1,043,861	1,043,861	13,121,998	27,477,089	
lment advances	--	--	--	--	711,833	711,833	--	--	--	--	--	--	--	711,833	
secured obligations	994,176	994,176	994,176	--	--	--	--	--	--	--	--	--	994,176	994,176	
unsecured obligations	92,303	92,303	92,303	--	--	--	--	--	--	--	--	--	92,303	92,303	
ing fund advances	56,178,840	42,231,977	43,652,382	144,180,789	175,456,084	76,637,696	138,613,541	169,486,927	59,868,687	12,757,100	39,700,739	30,245,923	351,730,270	426,875,727	
tal															
estments:															
s	None	3,108,691	2,844,543	37,666	37,666	37,666	133,795	264,781	264,781	-- [d]	-- [d]	524,000	695,431	3,935,138	
	--	--	--	7,000	7,000	7,000	25,200	25,200	25,200	524,000	524,000	--	32,200	32,200	
	--	--	--	25,000	254,669	254,669	--	1,785,247	1,785,247	--	--	--	25,000	4,039,916	
secured obligations	--	--	--	69,666	299,335	299,335	158,995	4,075,228	4,075,228	524,000	524,000	30,769,923	752,631	8,006,254	
tal	56,178,840	45,340,668	46,496,925	144,250,455	175,755,419	76,937,031	138,772,536	173,562,155	63,943,915	13,281,100	40,224,739	30,769,923	352,482,901	434,882,981	

d by applicants as shown on footnotes to Exhibit 17 to the application.

des par ($83,017,900) and book value ($109,245,457) of Burlington stock which will be eliminated
rmation of merger. No market or estimated value assigned by applicants.
des par, book and estimated market value ($20,000,000) of SP&S stock.

of SP&S bonds held by Great Northern and Northern Pacific.

Treasury bonds.

OVERSIZE PAGE – SEE NEXT FRAME
FOR REMAINDER OF PAGE

Finance Docket No. 21478
Appendix J

APPLICANT RAILROADS-VALUE OF SECURITIES OWNED - AS OF DECEMBER 31, 1960

	Burlington			Great Northern			Northern Pacific			SP&S			Grand Total		
	Par Value	Book Value	Market or Estimated Value[a]	Par Value	Book Value	Market or Estimated Value[a]	Par Value	Book Value	Market or Estimated Value[a]	Par Value	Book Value	Market or Estimated Value[a]	Par Value	Book Value	Market or Estimated Value
anies:	$40,784,644	$26,837,781	$28,258,186	$115,691,050[b/c]	$143,478,443[b/c]	$144,660,055[b/c]	$108,143,480[b/c]	$144,894,705[b/c]	$35,276,465[b/c]	$12,757,100	$38,627,963	$29,173,147	$277,376,274	$353,838,892	$137,367,853
	405,000	405,000	405,000	27,355,000	19,148,500	19,148,500	27,355,000	19,148,500	19,148,500	--	--	--	55,115,000	38,702,000	38,702,000
es	780,719	780,719	780,719	1,134,739	1,134,739	1,134,739	3,115,061	3,115,061	3,115,061	--	28,915	28,915	5,030,519	5,059,434	5,059,434
vances	13,121,998	13,121,998	13,121,998	--	10,982,569	10,982,569	--	2,328,661	2,328,661	--	1,043,861	1,043,861	13,121,998	27,477,089	27,477,089
obligations	--	--	--	--	711,833	711,833	--	--	--	--	--	--	--	711,833	711,833
ed obligations	994,176	994,176	994,176	--	--	--	--	--	--	--	--	--	994,176	994,176	994,176
advances	92,303	92,303	92,303	--	--	--	--	--	--	--	--	--	92,303	92,303	92,303
	56,178,840	42,231,977	43,652,382	144,180,789	175,456,084	76,637,696	138,613,541	169,486,927	59,868,687	12,757,100	19,700,739	30,245,923	351,730,270	426,875,727	210,404,688
	None	3,108,691	2,844,543	37,666	37,666	37,666	133,765	264,781	264,781	-- [d/]	-- [d/]	524,000	695,431	3,935,138	3,670,990
	--	--	--	7,000	7,000	7,000	25,200	25,200	25,200	524,000	524,000	--	32,200	32,200	32,200
obligations	--	--	--	25,000	254,669	254,669	--	3,785,247	3,785,247	--	--	--	25,000	4,039,916	4,039,916
	--	3,108,691	2,844,543	69,666	299,335	299,335	158,965	4,075,228	4,075,228	524,000	524,000	30,769,923	752,631	8,006,264	7,743,106
	$56,178,840	$45,340,668	$46,496,925	$144,250,455	$175,755,419	$76,937,031	$138,772,506	$173,562,155	$63,943,915	$13,281,100	$40,224,739	$30,769,923	$352,482,901	$434,882,981	$218,147,794

icants as shown on footnotes to Exhibit 17 to the application.

$83,017,900) and book value ($109,245,457) of Burlington stock which will be eliminated
of merger. No market or estimated value assigned by applicants.
book and estimated market value ($20,000,000) of SP&S stock.

bonds held by Great Northern and Northern Pacific.

bonds.

RAILWAY OPERATING REVENUES
(000 omitted)

Year	Chicago Burlington & Quincy	Great Northern	Northern Pacific	Total
1926	$161,317	$117,384	$ 97,351	$376,052
1927	156,320	117,904	95,575	369,799
1928	162,891	126,737	101,273	390,901
1929	162,410	125,933	96,522	384,865
1930	141,379	104,996	80,642	327,017
1931	111,219	77,087	62,312	250,618
1932	79,544	55,549	47,084	182,177
1933	78,497	61,924	47,579	188,000
1934	80,288	70,753	51,408	202,449
1935	82,925	81,189	53,846	217,960
1936	98,082	89,625	61,906	249,613
1937	100,151	94,942	64,851	259,944
1938	93,070	79,216	57,022	229,308
1939	96,132	91,783	63,882	251,797
1940	97,631	101,743	68,715	268,089
1941	117,521	125,045	85,346	327,912
1942	165,289	165,206	119,311	449,806
1943	217,952	200,573	151,532	570,057
1944	240,637	207,658	155,978	604,273
1945	242,543	200,125	149,244	591,912
1946	195,926	167,368	126,744	490,038
1947	221,179	193,752	142,591	557,522
1948	241,364	216,342	157,177	614,883
1949	217,997	212,267	150,176	580,440
1950	245,248	227,516	167,228	639,992
1951	266,594	248,039	173,748	688,381
1952	270,348	260,247	177,869	708,464
1953	278,414	268,035	181,175	727,624
1954	252,353	250,254	171,602	674,209
1955	249,226	267,095	183,033	699,354
1956	257,032	280,543	188,170	725,745
1957	258,308	275,377	184,403	718,088
1958	258,028	251,672	179,108	688,808
1959	263,073	254,560	183,609	701,242
1960	251,136	246,025	174,915	672,076
1961	254,161	232,952	165,412	652,525

SOURCE: Annual Report Form A, Schedule 300.

NET RAILWAY OPERATING INCOME
(000 omitted)

Year	Chicago, Burlington & Quincy	Great Northern	Northern Pacific	Total
1926	$ 29,956	$ 31,280	$ 24,214	$ 85,450
1927	28,143	29,203	22,593	79,939
1928	32,912	31,294	25,089	89,295
1929	35,358	32,458	21,410	89,226
1930	27,956	21,913	14,293	64,162
1931	20,507	12,669	6,801	39,977
1932	9,592	1,291	1,990	12,873
1933	13,491	11,810	5,976	31,277
1934	12,651	14,102	7,915	34,669
1935	10,228	23,484	7,726	41,438
1936	13,449	23,560	10,788	47,797
1937	13,326	23,769	10,651	47,746
1938	12,407	14,479	6,297	33,183
1939	12,270	19,585	10,479	42,334
1940	13,083	21,807	13,583	48,473
1941	19,135	28,002	19,923	67,060
1942	37,174	39,445	27,463	104,082
1943	35,762	28,563	36,423	100,748
1944	32,075	32,060	23,378	88,422
1945	34,350	28,379	18,274	81,003
1946	26,991	25,041	13,352	65,384
1947	31,781	23,816	18,005	73,602
1948	32,737	27,200	20,140	80,077
1949	19,620	20,545	14,018	54,183
1950	37,807	27,433	22,690	87,930
1951	30,117	23,214	16,331	69,662
1952	31,744	25,914	15,425	73,083
1953	29,880	27,531	14,867	72,278
1954	27,749	24,226	15,459	67,434
1955	26,490	30,154	19,224	75,864
1956	25,542	30,407	17,875	73,824
1957	21,001	24,854	17,402	63,257
1958	23,673	25,823	18,225	67,721
1959	19,442	24,210	14,569	58,221
1960	16,632	18,435	10,116	45,183
1961	18,918	16,762	8,586	44,266

SOURCE: Annual Report Form A, Schedule 300.

1190

NET INCOME
(000 omitted)

Year	Chicago, Burlington & Quincy	Great Northern	Northern Pacific	Less CBQ Dividend to GN & NP(1)	Total
1926	$ 23,890	$ 25,938	$ 21,003	$ 16,602	$ 54,229
1927	21,443	22,986	18,538	16,602	46,365
1928	26,278	25,168	21,133	16,602	55,977
1929	29,577	25,669	21,808	16,602	60,452
1930	21,980	18,037	17,229	16,602	40,644
1931	13,320	5,326	8,902	16,602	10,946
1932	1,503	(13,405)	(1,991)	4,980	(18,873)
1933	5,598	(3,188)	304	4,980	(2,266)
1934	4,455	(1,074)	899	4,980	(700)
1935	1,843	7,140	432	3,320	6,095
1936	5,157	9,904	1,817	6,641	10,237
1937	4,907	10,090	118	3,320	11,795
1938	3,642	2,713	(4,322)	3,320	(1,287)
1939	3,661	8,686	74	3,320	9,101
1940	4,393	10,208	2,064	3,320	13,345
1941	10,419	16,785	7,757	3,320	31,641
1942	28,647	29,054	16,304	4,981	69,024
1943	28,231	19,591	25,520	4,981	68,361
1944	24,647	23,397	13,161	4,981	56,224
1945	27,405	24,158	11,560	9,961	53,162
1946	23,103	23,457	8,881	9,961	45,480
1947	27,742	22,499	13,380	9,961	53,660
1948	28,082	27,567	12,312	11,621	56,340
1949	15,419	18,702	9,734	8,301	35,554
1950	33,762	28,185	19,511	11,623	69,835
1951	25,249	23,946	15,962	11,623	53,534
1952	28,001	27,705	15,821	12,452	59,075
1953	25,662	29,943	15,539	12,452	58,692
1954	23,012	25,441	14,358	12,452	50,359
1955	22,158	32,064	19,144	12,452	60,914
1956	21,566	32,239	20,983	12,452	62,336
1957	17,183	26,644	21,126	12,452	52,501
1958	19,492	27,578	22,012	12,452	56,630
1959	17,696	26,558	23,781	12,452	55,583
1960	12,493	20,723	18,547	12,452	39,311
1961	14,409	18,632	16,313	12,452	36,902

( ) Indicates deficit.
(1) Approximate. 97.18 percent of total dividends paid by CB&Q.

SOURCE: Annual Report Form A.

GREAT NORTHERN RAILWAY COMPANY

NET INCOME, DIVIDENDS, AND SHAREHOLDERS' EQUITY
(000 omitted)

Year	Net Income	Cash Dividends	Shareholders' Equity, 12/31
1926	$25,938	$12,466	$403,455
1927	22,986	12,447	403,438
1928	25,168	12,449	411,585
1929	25,669	12,450	414,746
1930	18,037	18,673	413,925
1931	5,326	6,223	412,931
1932	(13,405)	-	398,060
1933	(3,188)	-	393,925
1934	(1,075)	-	391,412
1935	7,140	-	396,917
1936	9,904	-	400,595
1937	10,090	4,998	401,905
1938	2,713	-	397,092
1939	8,686	-	405,323
1940	10,208	1,249	413,278
1941	16,785	4,998	423,488
1942	29,054	4,998	432,263
1943	19,591	4,998	442,334
1944	23,397	5,009	466,700
1945	24,158	9,256	479,416
1946	23,457	9,278	485,568
1947	22,499	9,278	498,247
1948	27,567	10,824	515,129
1949	18,702	12,370	520,738
1950	28,185	10,824	538,028
1951	23,946	12,360	551,817
1952	27,705	12,172	565,921
1953	29,943	12,173	582,879
1954	25,441	12,725	587,401
1955	32,064	14,265	603,208
1956	32,239	15,911	615,681
1957	26,644	18,214	624,504
1958	27,578	18,250	633,254
1959	26,558	18,310	640,060
1960	20,723	18,294	640,101
1961	18,632	18,236	632,921

Source: Annual Report Form A, Moody's Transportation Manual.

Finance Docket No. 21478

Appendix I - 11

NORTHERN PACIFIC RAILWAY COMPANY

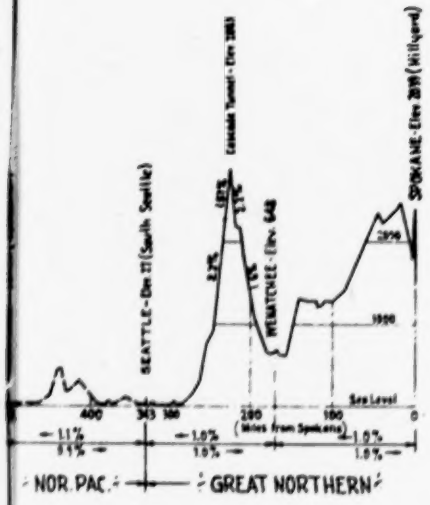
NET INCOME, DIVIDENDS, AND SHAREHOLDERS' EQUITY
(000 omitted)

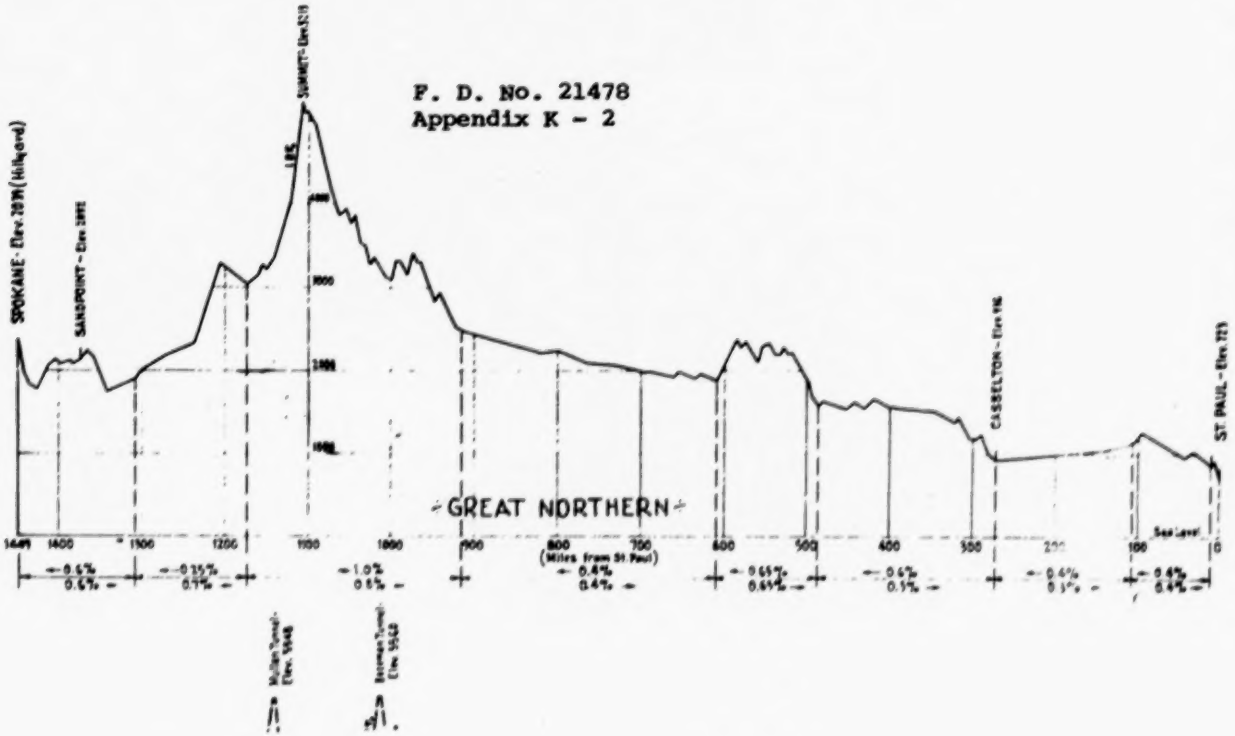
Year	Net Income	Cash Dividends	Shareholders' Equity, 12/31
1926	$21,003	$12,400	$435,853
1927	18,538	12,400	441,051
1928	21,133	12,400	446,789
1929	21,808	12,400	455,703
1930	17,229	12,400	460,149
1931	8,902	9,920	454,329
1932	(1,991)	-	453,835
1933	304	-	452,957
1934	899	-	449,469
1935	432	-	449,201
1936	1,817	-	447,265
1937	118	-	447,621
1938	(4,322)	-	443,257
1939	74	-	440,840
1940	2,064	-	438,898
1941	7,757	-	443,791
1942	16,304	2,480	458,005
1943	25,902	2,480	484,816
1944	13,161	2,480	497,070
1945	11,560	2,480	500,767
1946	8,881	2,480	505,638
1947	13,380	2,480	518,009
1948	12,312	3,720	528,633
1949	9,734	3,720	536,140
1950	19,511	2,480	553,704
1951	15,962	6,199	564,336
1952	15,821	7,439	573,179
1953	15,539	7,439	581,933
1954	14,358	7,439	583,243
1955	19,144	7,813	595,268
1956	20,983	9,433	607,210
1957	21,126	9,442	639,988
1958	22,012	10,448	651,799
1959	23,781	12,264	663,630
1960	18,547	14,287	668,578
1961	16,313	13,186	666,970

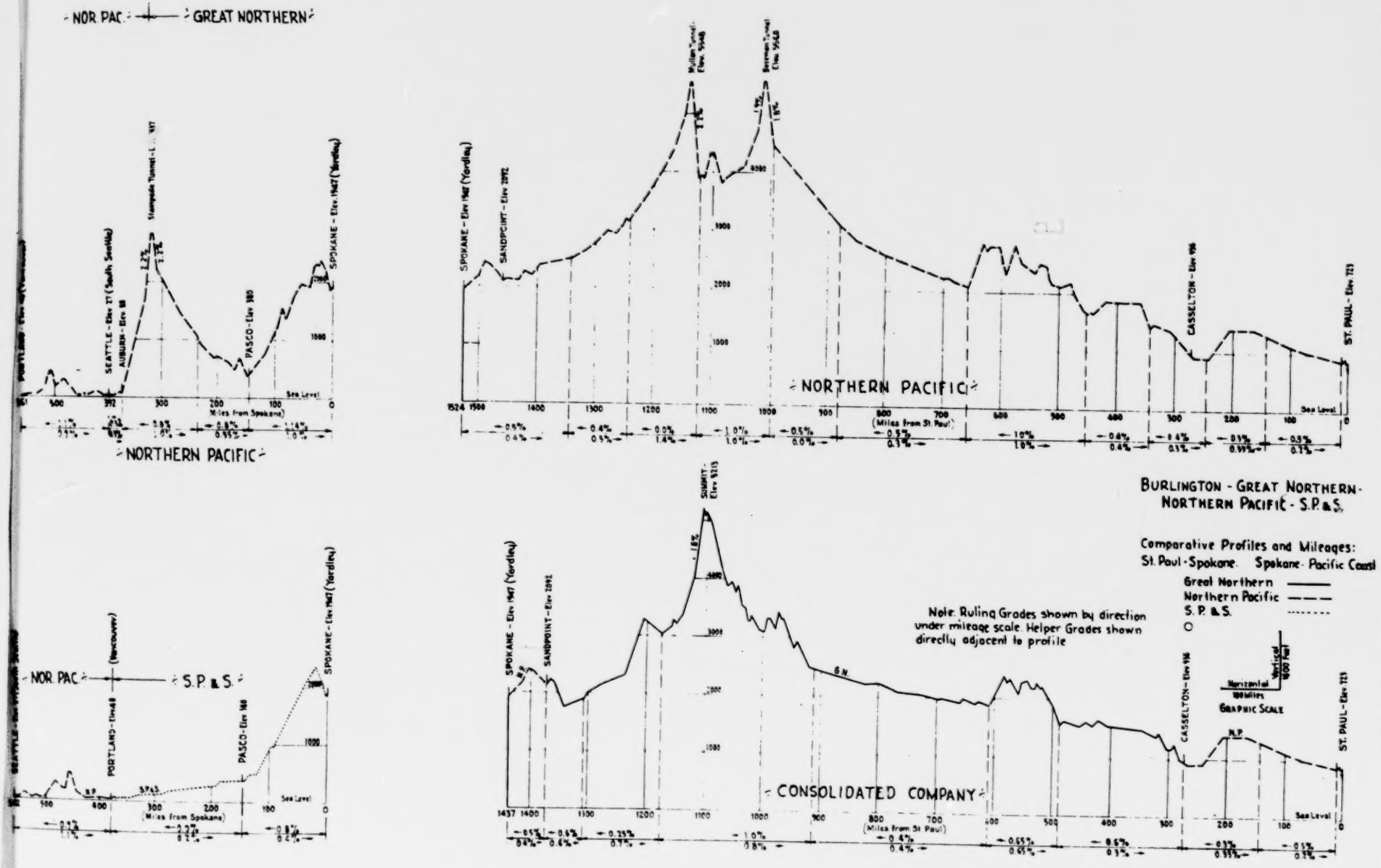
Source: Annual Report Form A, Moody's Transportation Manual.

1193

F. D. No. 21478
Appendix K - 2

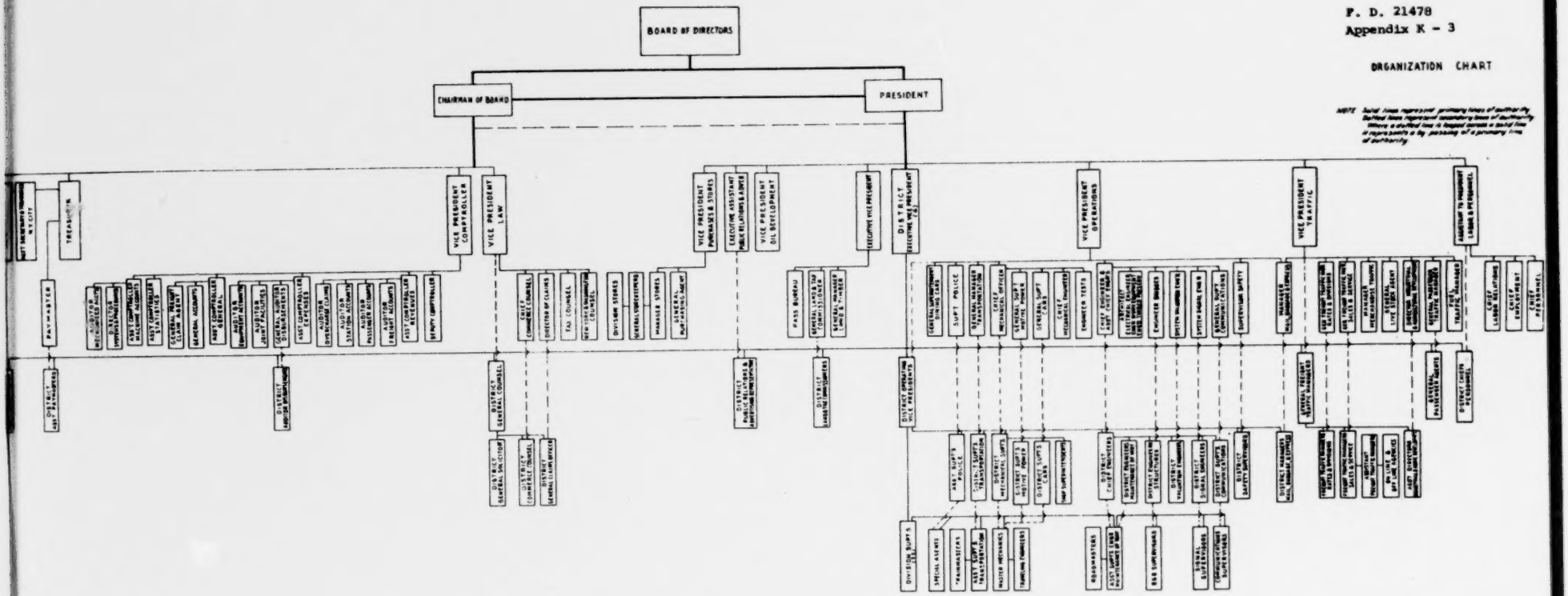





NOR PAC.
GREAT NORTHERN
SEATTLE - Elev 21 (South Seattle)
AUBURN - Elev 88
Stampede Tunnel - Elev 3817
PASCO - Elev 380
SPOKANE - Elev 1947 (Yardley)
Sea Level
(Miles from Spokane)
NORTHERN PACIFIC
SPOKANE - Elev 1947 (Yardley)
SANDPOINT - Elev 2092
Mullan Tunnel Elev 5548
Bozeman Tunnel Elev 5568
CASSELTON - Elev 936
ST. PAUL - Elev 723
(Miles from St. Paul)
NORTHERN PACIFIC
NOR. PAC.
S.P. & S.
PORTLAND - Elev 48
PASCO - Elev 380
SPOKANE - Elev 1947 (Yardley)
(Miles from Spokane)
SPOKANE - Elev 1947 (Yardley)
SANDPOINT - Elev 2092
SUMMIT - Elev 5215
CASSELTON - Elev 936
ST. PAUL - Elev 723
(Miles from St. Paul)
CONSOLIDATED COMPANY
BURLINGTON - GREAT NORTHERN - NORTHERN PACIFIC - S.P. & S.
Comparative Profiles and Mileages:
St. Paul - Spokane. Spokane - Pacific Coast
Great Northern
Northern Pacific
S. P. & S.
Note: Ruling Grades shown by direction under mileage scale. Helper Grades shown directly adjacent to profile
Horizontal
Vertical
GRAPHIC SCALE

F. D. 21478
Appendix K - 3

ORGANIZATION CHART



Finance Docket No. 21478

Appendix K-4.

JOBS AFFECTED BY MERGER - SYSTEM

Location	Jobs Abolished	Jobs Added	Net Change	Compensation Reduction
California	32.0	(1.0)	31.0	$ 210,719
Colorado	28.0	-	28.0	195,573
District of Columbia	7.0	-	7.0	44,699
Georgia	6.0	-	6.0	39,548
Iowa	22.4	(2.0)	20.4	122,204
Idaho	22.2	(3.0)	19.2	100,842
Illinois	871.5	(398.4)	473.1	2,321,615
Massachusetts	6.0	-	6.0	41,438
Michigan	11.0	-	11.0	72,055
Minnesota	3,166.3	(1,041.4)	2,124.9	14,512,891
Missouri	30.8	(4.0)	26.8	168,757
Montana	648.0	(332.5)	315.5	1,911,782
North Carolina	3.0	-	3.0	19,233
North Dakota	381.7	(148.4)	233.3	1,457,700
Nebraska	65.3	(359.0)	(293.7)	(1,912,916)
New York	27.0	(1.0)	26.0	174,432
Ohio	17.0	-	17.0	114,301
Oregon	535.2	(32.0)	503.2	3,065,007
Pennsylvania	19.0	-	19.0	132,026
Texas	7.0	-	7.0	45,507
Wisconsin	266.0	(4.0)	262.0	1,479,133
Washington	2,071.8	(787.6)	1,284.2	8,089,540
Wyoming	24.6	-	24.6	155,290
UNITED STATES	8,268.8	(3,114.3)	5,154.5	$32,561,376
British Columbia	3.0	-	3.0	20,315
Manitoba	11.0	-	11.0	76,643
Ontario	4.0	(1.0)	3.0	18,425
CANADA	18.0	(1.0)	17.0	$ 115,383
SYSTEM TOTAL	8,286.8	(3,115.3)	5,171.5	$32,676,759

( ) Indicates increase

SOURCE: Applicant's Exhibit 4, Study XIX, Labor contracts. Supplementary Volume 1948.

Finance Docket No. 21478
Appendix K - 5 Sheet 1

Study XIX
(Revised)

BURLINGTON-GREAT NORTHERN-NORTHERN PACIFIC-SP&S CONSOLIDATION STUDY
As of 1960

Labor Contracts

Estimated payments to employes deprived of employment
or otherwise adversely affected by consolidation

	Years after consolidation						
	1st	2nd	3rd	4th	5th	Total	
I. Number of employes affected -							
Available jobs created by attrition	3,904	3,904	3,904	3,904	3,904	19,520	
Usable jobs created by attrition -							
Which can be filled locally	1,322	1,322	1,322	1,322	1,322	6,610	
Which must be filled by transfer	1,771	1,771	1,771	1,771	1,771	8,855	
Total	3,093	3,093	3,093	3,093	3,093	15,465	
Employes whose jobs are eliminated during the year -							
Total	833	1,767	1,456	1,091	53	[illegible]	5,172*
Who can be re-employed locally in jobs created by attrition	818	1,207	1,165	1,017	53	4,260	
Who can only be re-employed by transfer to jobs created by attrition	15	536	283	74	-	908	
Who cannot be re-employed during the current year	-	24	8	-	-	32	
Excess usable jobs created by attrition -							
Total	2,260	1,350	1,645	2,002	3,040	10,297	
Which can be applied to employes deprived of employment in prior years	-	-	4	7	21	32	
Balance, which can be applied to employes receiving displacement allowances	2,260	1,350	1,641	1,995	3,019	10,265	
Employes deprived of employment, and given consolidation allowances - for more than 1 year							
(a) Interstate Commerce Act							
Carried over from prior years -	-	-	24	28	-	[illegible]	
Less - excess usable jobs applied to prior year carry-overs	-	-	4	7	-	11	
Add - jobs eliminated during the current year	-	24	8	-	-	32	
Total	-	24	28	21	-	[illegible]	18*
(b) Washington Agreement							
Carried over from prior years	-	-	24	28	21	[illegible]	
Less - excessusable jobs applied to prior year carry-overs	-	-	4	7	21	[illegible]	
Add - jobs eliminated during the current year	-	24	8	-	-	32	
Total	-	24	28	21	-	[illegible]	18*
Employes deprived of employment, and given consolidation allowances - for less than 1 year							
Number of employes not immediately re-employed	8	524	276	105	-	913	
Duration of unemployment - total months	4	1,106	333	66	-		
Number of employes deprived of employment, on annual basis	-	[illegible]	91* [illegible]	26*	[illegible] 4*	-	
Employes transferred							
Through consolidation	463	985	811	610	29	[illegible]	2,900*
Through attrition	15	536	287	81	6	[illegible]	885*
Total	478	1,521	1,098	691	35	[illegible]	3,785*
Employes in worse position							
Excess usable jobs created by attrition, not used for employes deprived of employment	2,260	1,350	1,641	1,995	3,019	10,265	
Estimated 50% of above available to reduce employes receiving displacement allowances	1,130	674	821	997	1,509	5,131	
Number of employes in worse position							
Carried over from prior year	-	7	469	679	724	1,879	
Placed in worse position in current year	418	885	730	546	28	2,607	
Less - excess usable jobs applied to reduce number of employes receiving displacement allowance	411	423	520	501	398	[illegible]	
Net number of employes placed in worse position	7	469	679	724	354	[illegible]	2,119*

1207

BURLINGTON-GREAT NORTHERN-NORTHERN PACIFIC-SP&S CONSOLIDATION STUDY
As of 1960

Labor Contracts

Estimated payments to employes deprived of employment
or otherwise adversely affected by consolidation

	Years after consolidation					
	1st	2nd	3rd	4th	5th	Total
II. Estimated cost of allowance -						
Employes deprived of employment and given consolidation allowances - for more than 1 year						
(a) Interstate Commerce Act (allowance based on 100% of the average annual compensation)	$ -	$ 246,092	$ 313,236	$ 234,927	$ -	$ 794,255
(b) Washington Agreement (allowance based on 60% of the average annual compensation)	-	147,652	187,936	140,952	-	476,540
Employes deprived of employment and given consolidation allowances - for less than 1 year						
(a) Interstate Commerce Act (allowance based on 100% of the average annual compensation)	3,729	568,316	190,769	41,232	-	804,046
(b) Washington Agreement (allowance based on 60% of the average annual compensation)	2,237	340,966	114,459	24,740	-	482,402
Employes transferred						
(a) Through consolidation -						
Moving costs	162,050	344,760	283,850	213,500	10,150	1,014,300
Loss on home	289,375	615,625	506,875	381,250	18,125	1,811,250
Total	$451,425	$ 960,375	$ 790,725	$ 594,750	$ 28,275	$2,825,550
(b) Through attrition -						
Moving costs	5,250	187,600	100,450	28,350	2,100	323,750
Loss on home	7,500	268,000	143,500	40,500	3,000	462,500
Total	$ 12,750	$ 455,600	$ 243,950	$ 68,850	$ 5,100	$ 786,250
Total cost - employes transferred	$464,175	$1,415,975	$1,034,675	$ 663,600	$ 33,375	$3,611,800
Employes in worse position						
Displacement allowance	$ 1,750	$ 117,250	$ 169,750	$ 181,000	$ 88,500	$ 558,250
III. Estimated cost of allowances - Recapitulation						
Employes deprived of employment and given consolidation allowances						
For more than 1 year	$ -	$ 246,092	$ 313,236	$ 234,927	$ -	$ 794,255
For less than 1 year	3,729	568,316	190,769	41,232	-	804,046
Total consolidation allowances	$ 3,729	$ 814,408	$ 504,005	$ 276,159	$ -	$1,598,301
Employes transferred - moving costs and loss on homes	464,175	1,415,975	1,034,675	663,600	33,375	3,611,800
Employes in worse position - displacement allowance	1,750	117,250	169,750	181,000	88,500	558,250
Total estimated cost of allowances	$469,654	$2,347,633	$1,708,430	$1,120,759	$121,875	$5,768,351 4,961,728*

Source:
Exhibit 4 - Study XIX - Revised.
Exhibit 5,-Corrections.

Burlington-Great Northern-Northern Pacific-SP&S Consolidation Study
Estimated Gains and Losses in Freight Revenue of
Other Railroads[a] Affected by the Consolidation at
1960 Levels

	Operating Revenues 1960 (1)	Freight Revenue: Losses (Reverse of) (Study VII) (2)	Freight Revenue: Gains (Reverse of) (Study XVII) (3)	Net Total Gain or Loss (4)	Per Cent of Operating Revenue (5)
Western District					
Atchison, Topeka and Santa Fe	$ 614,017,338	$ 49,400	$ 82,622	$ 33,222-G	.01-G
British Columbia Electric	3,849,679	52,286	-	52,286-L	1.36-L
Canadian National System	698,664,106	37,719	-	37,719-L	.01-L
Canadian Pacific System	536,495,244	1,335,094[d]	58,170	1,276,924-L	.24-L
Central California Traction	766,285	-	-242	242-G	.03-G
Chicago and Eastern Illinois	34,370,474	9,317	-	9,317-L	.03-L
Chicago and Illinois Midland	7,488,613	6,917	-	6,917-L	.09-L
Chicago and North Western System	207,281,897	2,675,852	157,164	2,518,688-L	1.22-L
Chicago, Aurora and Elgin [b]	584,989	1,534	-	1,534-L	.26-L
Chicago Great Western	32,568,200	893,511	23,826	869,685-L	2.67-L
Chicago, Milwaukee, St. Paul & Pacific	230,362,902	1,040,148	676,666	363,482-L	.16-L
Chicago, North Shore and Milwaukee	5,945,725	9,634	-	9,634-L	.16-L
Chicago, Rock Island and Pacific	211,775,603	1,043,186	199,807	843,379-L	.40-L
Colorado and Southern System	15,394,799	20,257	-	20,257-L	.13-L
Denver & Rio Grande Western System	76,316,359	32,908	4,680	28,228-L	.04-L
Des Moines and Central Iowa	731,038	1,054	-	1,054-L	.14-L
Duluth, Missabe and Iron Range	46,952,905	17,766	-	17,766-L	.04-L
Elgin, Joliet and Eastern	48,498,295	5,485	-	5,485-L	.01-L
Fort Dodge, Des Moines and Southern	2,075,469	1,730	-	1,730-L	.08-L
Green Bay and Western System	5,735,231	94,669	-	94,669-L	1.65-L
Gulf Mobile and Ohio	76,752,567	59,227	12,595	46,632-L	.06-L
Illinois Central	260,224,639	461,111	43,786	417,325-L	.16-L
Illinois Terminal	9,363,354	18,608	-	18,608-L	.20-L
Indiana Harbor Belt	27,007,864	6,986	-	6,986-L	.03-L
Kansas City Southern	43,061,052	2,181	-	2,181-L	.01-L
Midland Continental	347,598	33,423	-	33,423-L	9.62-L
Minneapolis, Northfield and Southern	3,738,288	387,884	-	387,884-L	10.38-L
Missouri, Kansas, Texas System	57,475,233	13,125	8,715	4,410-L	.01-L
Missouri Pacific	297,260,776	141,964	138,531	3,433-L	.00-L
Monon	18,606,936	7,711	-	7,711-L	.04-L
St. Louis-San Francisco System	124,113,886	125,181	-	125,181-L	.10-L
Southern Pacific System	731,363,457	4,295,060	131,656	4,163,404-L	.57-L
Toledo, Peoria and Western	7,027,740	3,868	-	3,868-L	.06-L
Union Pacific System	497,523,215	703,194	768,712	65,518-G	.01-G
Wabash System	112,788,492	175,646	22,052	153,597-L	.14-L
Waterloo	1,321,485	2,175	-	2,175-L	.16-L
Western Pacific System	52,236,533	2,027,070-G	44,541	2,071,611-G	3.97-G
Total Western District	$5,100,088,266	$11,738,541-L	$2,373,765-G[c]	$9,364,976-L	.18-L
Outside Western District	---	305,968-L		305,968-L	
TOTAL	---	$12,044,709-L	$2,373,765-G	$9,670,944-L	

L-- Loss to other railroads affected by consolidation.

G - Gain to other railroads affected by consolidation.

[c] Includes: Soo — $878,381
South Shore — 360,195
Canadian Pacific — 96,518

[a] Systems shown in headings include the following companies:

Parent Company		Other Companies Included in System
Canadian National	--	Duluth, Winnipeg and Pacific
Canadian Pacific	--	Soo Line
Chicago & North Western	--	Chicago, St. Paul, Minneapolis & Omaha, Minneapolis & St. Louis; Minnesota Western; Minneapolis Industrial Ry. Co.; Litchfield & Madison
Colorado & Southern	--	Fort Worth & Denver Ry. Co.
Denver & Rio Grande Western	--	Denver & Salt Lake
Green Bay & Western	--	Kewaunee, Green Bay & Western
Missouri, Kansas, Texas	--	Missouri, Kansas, Texas of Texas
St. Louis-San Francisco	--	St. Louis-San Francisco of Texas
Southern Pacific	--	Texas & New Orleans; St. Louis Southwestern
Union Pacific	--	Spokane International
Wabash	--	Manistique and Lake Superior
Western Pacific	--	Sacramento Northern; Tidewater Southern

[b] Operations discontinued July 18, 1959. Operating revenues shown are for year 1958.

[d] Total gains by railroads in Western District $2,373,765-G
Gains by shippers in Western District 38,336-G
Total $2,412,101-G

Finance Docket No. 21478

Appendix L-2

STATEMENT SHOWING CARS, TONS AND REVENUE
AT MAJOR TERMINALS - PROPOSED CONSOLIDATED SYSTEM
BURLINGTON-GREAT NORTHERN-NORTHERN PACIFIC-PACIFIC COAST-SP&S

FOR YEAR 1960

Terminal	Cars	Tons	Revenue	Total number of stations applicant lines
		BURLINGTON		
Chicago	189,502	4,608,611	$ 30,763,999	10
Denver	22,779	589,452	8,069,849	5
Kansas City	74,607	2,618,754	16,890,441	3
Omaha	52,961	2,297,996	9,369,667	3
St. Louis	44,487	1,841,680	7,179,098	2
Twin Cities	38,399	965,323	8,069,127	9
Total	422,735	12,921,816	80,342,181	32
All terminals	1,427,867	58,014,063	222,596,101	1,441
Percentage	29.60	22.27	36.09	2.22
		GREAT NORTHERN		
Head of Lakes	61,886	2,777,335	$ 17,192,361	8
Twin Cities	71,949	2,792,825	17,017,741	9
Spokane	28,281	994,657	7,836,247	6
Seattle	58,648	1,642,023	21,722,311	7
Portland	19,463	613,879	5,394,655	5
Total	240,227	8,820,719	69,163,315	35
All terminals	1,172,011	53,620,762	269,244,349	1,347
Percentage	20.50	16.45	25.69	2.60
		NORTHERN PACIFIC		
Head of Lakes	48,126	3,107,578	$ 10,059,129	14
Twin Cities	42,318	1,610,737	12,458,375	9
Spokane	16,365	544,810	4,348,195	6
Seattle	72,825	2,052,391	18,110,863	25
Portland	12,313	388,396	3,544,692	6
Total	192,147	7,703,912	48,521,254	60
All terminals	760,212	29,990,730	169,496,311	1,482
Percentage	25.28	25.69	28.62	4.05

Appendix L-2 (Cont'd)

Terminal	Cars	Tons	Revenue	Total number of stations applicant lines
		PACIFIC COAST		
Seattle	7,632	233,315	$ 286,182	3
Total	7,632	233,315	286,182	3
All terminals	8,039	255,622	317,241	11
Percentage	94.94	91.27	90.21	27.28
		SP&S		
Portland	59,731	2,372,006	8,637,653	9
Spokane	1,227	33,816	213,213	1
Total	60,958	2,405,822	8,850,866	10
All terminals	170,138	6,411,428	25,018,070	198
Percentage	35.83	37.52	35.37	5.05
		COMBINED		
Chicago	189,502	4,608,611	30,763,999	10
Denver	22,779	589,402	8,069,849	5
Head of Lakes	110,012	5,884,913	27,251,490	22
Kansas City	74,607	2,618,754	16,890,041	3
Omaha	52,961	2,297,996	9,369,667	3
Portland	91,507	3,374,281	17,577,000	20
St. Louis	44,487	1,841,680	7,179,098	2
Seattle	139,105	3,927,729	40,119,356	35
Spokane	46,073	1,573,283	12,397,655	13
Twin Cities	152,666	5,368,885	37,545,243	27
Total	923,699	32,085,584	207,163,398	140
Cons. system	3,538,267	148,292,605	686,672,072	4,479
Percentage	28.106	21.637	30.169	3.126

Source: Exhibit 16

Reference to totals means those cited.

All terminals means all system terminals of the carrier indicated.

Percentage refers to that percentage of system data of the carrier indicated in relation to the total of the carrier system.

1211

APPENDIX M

INTERVENER NP STOCKHOLDERS' COMMITTEE'S PROPOSED CONDITION

1. If the consolidation is authorized and before the consolidation of the railroad properties of the applicants is consummated, a new land company shall be organized to buy from Northern Pacific Railway Company all its natural resources properties except its leased and unleased industrial lands and buildings.

2. The stockholders of Northern Pacific Railway Company shall be given the opportunity, by negotiable subscription rights issued to them pro rata, to subscribe to all the stock of said new company.

3. The purchase price therefor shall be $112,309,430 or such higher price, not in excess of $117,000,000, as the Interstate Commerce Commission shall determine to be just and reasonable, all cash.

4. All of the real estate taxes, insurance and other items, if any, usually connected with real estate closings, shall be adjusted and apportioned as of the date of the passing of title thereto.

5. All expenses of sale, as well as any Federal or State income or other taxes including any capital gains taxes resulting therefrom, shall be paid by Northern Pacific Railway Company.

6. All expenses connected with the organization of the new company or with the issuance and underwriting of its stock shall be paid by the new company.

APPENDIX N-1

STIPULATION

BETWEEN GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC. AND UNION PACIFIC RAILROAD COMPANY

It is hereby stipulated by and between counsel for Great Northern Pacific & Burlington Lines, Inc., one of the Applicants in the above-entitled proceedings (referred to in the Application and herein as the New Company) and counsel for Union Pacific Railroad Company, an intervenor in said proceedings, that they propose to the Commission that the conditions set forth in paragraph (2) (i) on pages 49 and 50 of the Application to be imposed by the Commission in any order authorizing consummation of the transactions for which approval and authority under Section 5(2) of the Interstate Commerce Act is sought in part I of the application shall be amended to read as follows:

1. Upon consummation of the transaction in whole or in part, the New Company shall maintain and keep open all routes and channels of trade via existing junctions and gateways, unless and until otherwise mutually agreed upon by the carriers affected or otherwise authorized by the Commission.

2. The present neutrality of handling traffic inbound and outbound and in overhead service by the Chicago, Burlington & Quincy Railroad, Great Northern Railway, Northern Pacific Railway, Pacific Coast Railroad and Spokane, Portland & Seattle Railway shall be continued by the New Company so as to permit equal opportunity for service to, from, and via all lines reaching the rails of the New Company without discrimination as to routing or movement of traffic and without discrimination in the arrangement of schedules or otherwise.

3. Existing traffic and operating relationships including contracts between the Chicago, Burlington &

Quincy Railroad, Great Northern Railway, Northern Pacific Railway, Pacific Coast Railroad and Spokane, Portland & Seattle Railway, on the one hand, and all lines connecting with their tracks, on the other, shall be continued in so far as such matters are within the control of the New Company.

4. The New Company shall accept, handle and deliver all cars inbound and outbound and in overhead or switching service, loaded and empty, without discrimination in promptness or frequency of service and irrespective of origin or destination or route of movement.

5. The New Company shall do nothing to restrain or curtail the right of industries served by the Chicago, Burlington & Quincy Railroad, Great Northern Railway, Northern Pacific Railway, Pacific Coast Railroad and Spokane, Portland & Seattle Railway, or the New Company to route traffic over any or all available routes and gateways.

6. Any party or any person having an interest in the subject matter may at any future time make application for such modification in the above conditions, or any of them, as may be required in the public interest, and jurisdiction will be retained to reopen the proceedings on the motion of the Commission for the same purpose.

Dated March 15, 1962.

APPENDIX N-2

STIPULATION BETWEEN APPLICANTS AND SOUTHERN PACIFIC COMPANY

IT IS HEREBY STIPULATED by and between applicants, on the one hand, and Southern Pacific Company (herein referred to as "Southern Pacific"), on the other hand, through their respective counsel, that applicants and Southern Pacific shall propose to the Interstate Commerce Commission that the conditions set forth below be included in any order entered by the Interstate Commerce Commission in these proceedings authorizing applicants to consummate the transactions for which approval is sought under Section 5(2), in addition to the six conditions proposed by the applicants in this proceeding and set forth on pages 49 and 50 of their application herein:

1. The Consolidated Company (used herein to refer to Great Northern Pacific & Burlington Lines, Inc.) and Southern Pacific will join in the establishment and maintenance of joint through rates via Klamath Falls, Oregon, on bases no less favorable than via other routes, on all traffic from and to points on the Consolidated Company and Southern Pacific and their shortline connections. The Consolidated Company will observe strict neutrality between the Klamath Falls, Oregon, and Bieber, California, gateways as to solicitation of traffic, regardless of origin or destination. The Consolidated Company and Southern Pacific will conduct operations without discrimination or limitation, including the furnishing of specialized equipment, switching services and the maintenance of train schedules so as to handle traffic interchanged between Southern Pacific and the Consolidated Company at Klamath Falls in a prompt and expeditious manner and in no respect with less favorable treatment than is accorded by the Consolidated Company on traffic handled via Bieber or by Southern Pacific on traffic handled via Portland, Oregon.

2. The Consolidated Company and Southern Pacific will establish and maintain joint through rates

via Portland to and from all points to the same extent as hereafter established via Klamath Falls. The Consolidated Company and Southern Pacific will conduct operations via Portland without discrimination or limitation, including the furnishing of specialized equipment, switching services and maintenance of train schedules, said service to be equal or superior to that presently provided by Northern Pacific Railway Company and Southern Pacific in operating via Portland.

3. Southern Pacific will solicit all traffic to and from Oregon, Washington, northern Idaho and British Columbia as follows:

(a) From and to territory north of Los Angeles, California, Southern Pacific will observe strict neutrality between Union Pacific Railroad Company (herein referred to as Union Pacific) and the Consolidated Company.

(b) From and to territory Los Angeles and south and east thereof served in common by Union Pacific and Southern Pacific and where Union Pacific now maintains or may maintain rates via its Salt Lake line that are competitive with Southern Pacific through Portland, Southern Pacific will solicit all traffic in favor of the Consolidated Company.

(c) From and to territory Los Angeles and south and east thereof except as provided in paragraph (b), Southern Pacific will observe strict neutrality between Union Pacific and the Consolidated Company.

Dated this 18th day of January, 1962.

APPENDIX N-3

STIPULATION BETWEEN APPLICANTS AND THE WESTERN PACIFIC RAILROAD COMPANY

IT IS HEREBY STIPULATED by and between applicants on one hand and The Western Pacific Railroad Company (herein referred to as "Western Pacific") on the other hand through their respective counsel that applicants and Western Pacific shall propose to the Interstate Commerce Commission that the conditions set forth below be included in any order entered by the Interstate Commerce Commission in these proceedings authorizing applicants to consummate the transactions for which approval is herein sought, in addition to the six conditions proposed by the applicants in these proceedings and set forth on pages 49 and 50 of their application herein. As used herein, the Consolidated Company refers to Great Northern Pacific & Burlington Lines, Inc., and Santa Fe refers to The Atchison, Topeka and Santa Fe Railway Company and its Texas subsidiaries.

1. The Consolidated Company and Western Pacific will join with each other and with Santa Fe in establishing and maintaining joint through rates via Bieber, California, on bases no less favorable than via other routes, on all traffic between points in Washington, Oregon, Idaho and British Columbia located on the Consolidated Company and its connections, on the one hand, and points on the lines of (1) Western Pacific and its short line connections in California, Nevada and Utah; (2) points in California, Arizona, New Mexico, Texas and Louisiana on the lines of the Santa Fe and its short line connections; and (3) Denver and Rio Grande Western Railroad in Utah, on the other; and on transcontinental traffic between points other than those described above, the rates via Bieber shall be maintained on bases equal to the rates applicable via all other routes between points on the Consolidated Company and all transcon-

tinental origins or destinations to the same extent as is now provided via Bieber in Trans-Continental Freight Bureau Tariff No. 5 Series, I.C.C. 1576.

2. With respect to all traffic described in Paragraph 1, via routes from, to or through California, the Consolidated Company will preferentially solicit for its Inside Route (i.e. either its Klamath Falls or its Bieber gateway) and shall not be any means, including the adjustment of divisions of freight revenue, give preference to its route via Portland; and the Consolidated Company and the Western Pacific shall observe practices including those with respect to solicitation and the adjustment of divisions of freight revenue which will afford to the Bieber Route no less favorable an opportunity than the Klamath Falls route to share in the traffic moving between the areas described in Paragraph 1. As used in this Paragraph 2, the term Klamath Falls route or gateway includes, and the provisions hereof cover, traffic interchanged at Chemult, a point on the Klamath Falls route.

3. The Consolidated Company and the Western Pacific will conduct operations via Bieber without discrimination or limitation, including the furnishing of specialized equipment, switching services, and the maintenance of train schedules so as to handle traffic interchanged between the Consolidated Company and Western Pacific at Bieber in a prompt and expeditious manner and the Consolidated Company shall accord such traffic no less favorable treatment than it accords traffic interchanged with connecting lines at Klamath Falls, Chemult or Portland.

4. Western Pacific will solicit all traffic to and from Oregon, Washington, northern Idaho and British Columbia via the Bieber route and in favor of the Consolidated Company.

Dated this 14th day of March, 1962.

APPENDIX N-4

STIPULATION BETWEEN APPLICANTS AND SANTA FE

IT IS HEREBY STIPULATED by and between applicants on one hand and the Santa Fe Railway System on the other hand through their respective counsel that applicants and Santa Fe shall propose to the Interstate Commerce Commission that the conditions set forth below be included in any order entered by the Interstate Commerce Commission in these proceedings authorizing applicants to consummate the transactions for which approval is herein sought, in addition to the six conditions proposed by the applicants in these proceedings and set forth on pages 49 and 50 of their application herein. As used herein, the Consolidated Company refers to Great Northern Pacific & Burlington Lines, Inc., and Santa Fe refers to The Atchison, Topeka and Santa Fe Railway Company and its Texas subsidiaries.

1. The Consolidated Company and Santa Fe will join with each other and with the Western Pacific in establishing and maintaining joint through rates via Bieber, California, on bases on less favorable than via other routes, on all traffic between points in Washington, Oregon, Idaho, and British Columbia located on the Consolidated Company and its connections, on the one hand, and points in California, Arizona, New Mexico, Texas and Louisiana on the lines of the Santa Fe and its short line connections, on the other; and on transcontinental traffic between points other than those described above, the rates via Bieber shall be maintained on bases equal to the rates applicable via all other routes between points on the Consolidated Company and all transcontinental origins or destinations to the same extent as is now provided via Bieber in Trans-Continental Freight Bureau Tariff No. 5 Series, I.C.C. 1576.

2. With respect to all traffic described in Paragraph 1, via routes from, to or through California, the Consolidated Company will preferentially solicit

for its Inside Route (i.e., either its Klamath Falls or its Bieber gateway) and shall not by any means, including the adjustment of divisions of freight revenue give preference to its route via Portland; and the Consolidated Company and the Santa Fe shall observe practices including those with respect to solicitation, and the adjustment of divisions of freight revenue which will afford to the Bieber Route no less favorable an opportunity than the Klamath Falls route to share in the traffic moving between the areas described in Paragraph 1. As used in this Paragraph 2, the term Klamath Falls route or gateway includes, and the provisions hereof cover, traffic interchanged at Chemult, a point on the Klamath Falls route.

3. The Consolidated Company and the Santa Fe will join with Western Pacific in conducting operations via Bieber without discrimination or limitation, including the furnishing of specialized equipment, switching services, and the maintenance of train schedules so as to handle traffic interchanged between the Consolidated Company and Western Pacific at Bieber in a prompt and expeditious manner and the Consolidated Company shall accord such traffic no less favorable treatment than it accords traffic interchanged with connecting lines at Klamath Falls, Chemult, or Portland.

Dated this 14th day of March, 1962.

APPENDIX N-5

STIPULATION BETWEEN APPLICANTS AND SOO LINE RAILROAD COMPANY

IT IS HEREBY STIPULATED by and between counsel for Applicants in the above-entitled proceedings (herein referred to as Applicants or by individual corporate names) and counsel for Soo Line Railroad Company (herein referred to as Soo Line):

1. That they propose to the Commission that the conditions set forth in paragraph (2)(i) on pages 49 and 50 of the Application to be imposed by the Commission in any order authorizing consummation of the transactions for which approval and authority under Section 5(2) of the Interstate Commerce Act is sought in Part I of the Application shall be amended to read in the manner and form set forth in Exhibit 68 heretofore received as evidence in the above-entitled proceedings, the same being the stipulation between Great Northern Pacific & Burlington Lines, Inc., and Union Pacific Railroad Company; provided, however, that nothing herein shall be construed as depriving the Soo Line of the benefit of general conditions prescribed by the Commission.

2. That if the transactions for which authority Section 5(2) of the Interstate Commerce Act is sought in Part I of the Application are consummated, Great Northern Pacific & Burlington Lines, Inc., and Soo Line will, subject to any necessary approval of the Interstate Commerce Commission, promptly enter into and execute the agreements indicated below and will thereafter prepare and file with and submit to the Commission any and all required applications and supporting evidence to:

a. Amend that certain contract dated September 18, 1959, between Great Northern Railway Company, a corporation, and Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, a corporation, covering coordination of certain lines of Great Northern and Soo Line railroads

between Lignite and Crosby, North Dakota, and Hankinson and Geneseo, North Dakota, approved by order of the Interstate Commerce Commission dated January 28, 1960, in Finance Docket No. 20837 (unreported) so as to give the Soo Line the full and equal joint use of the "Crosby Joint Section" as that term is defined in said contract, and all spur tracks.

b. Amend that certain contract dated July 5, 1955, between Great Northern Railway Company, a corporation, and Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, a corporation, covering coordination of certain lines of Great Northern and Soo Line railroad between Schley and Bemidji, Minnesota, and between New Aberdeen Line Junction, Minnesota and Hankinson, North Dakota, approved by order of the Interstate Commerce Commission dated December 6, 1955, in Finance Docket No. 18992 (unreported) so as to give the Soo Line the full and equal joint use of the "Cass Lake Joint Section" as that term is defined in said contract, and all spur tracks.

c. Amend that certain contract dated April 15, 1929, between Northern Pacific Railway Company, a corporation, and Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, a corporation, pooling Northern Pacific and Soo Line traffic on iron ore tonnage originating on the Cuyuna Range, approved by order of the Interstate Commerce Commission dated June 3, 1929, in Finance Docket No. 7569 (154 ICC 279) in the following respects:

1. The first 500,000 tons of ore transported from the Range yearly shall be divided 75% Soo Line and 25% Great Northern Pacific and Burlington Lines, Inc.; tons exceeding 500,000 shall be divided equally.

2. Soo Line's share of the Cuyuna car pool will be fulfilled by Soo Line furnishing a minimum of 375 seventy or seventy-five

ton cars and any deficiency during the first ten ore shipping seasons after coordination of Allouez dock shall be made up with 70-ton cars furnished by Great Northern Pacific and Burlington Lines, Inc., at a per diem rate of $1.00 during said seasons.

3. The obligation of Soo Line to pay $7,850 annually on account of abandonment of its line between Lawler and East Lake shall be cancelled.

4. Soo Line will be admitted on fair and equitable terms to the use of Great Northern Pacific and Burlington Lines, Inc., yards and docks at Allouez, and a rail connection will be installed at Saunders to handle Soo Line ore.

d. Authorize the Soo Line, on fair and equitable terms, to use the existing Great Northern trackage between Soo Line Shoreham Yard and the easterly end of the existing Great Northern Union Yard, including necessary yard tracks so that the Soo Line can make direct interchange with the Minnesota Transfer Railway Company and the Chicago, Rock Island and Pacific Railroad Company.

3. That after the transactions for which authority under Section 5(2) of the Interstate Commerce Act as sought in Part I of the Application are consummated, Great Northern Pacific & Burlington Lines, Inc., and Soo Line will continue their cooperative efforts to find ways and means of jointly providing improved service to the shipping public by eliminating delay and reducing costs and to this end the parties will consider the installation of automatic interlockers at various crossings now manually operated and coordinations of additional lines where practical on the basis set forth in the contracts dated September 18, 1959, and July 5, 1955, further described in items 2a and 2b above.

Dated this 16th day of May, 1962.

APPENDIX N-6

INTERVENER MILWAUKEE REQUESTED CONDITIONS

1. The new company shall publish and file appropriate tariffs and routing schedules effective on and after the date of consummation of the merger, providing for the opening of the junctions and gateways of the new company at Linton and Fargo, North Dakota; Miles City, Judith Gap, Great Falls, Lombard, Butte and Missoula, Montana; and Spokane, Seattle and Tacoma, Washington, with respect to traffic moving through said junctions, at the lowest applicable rates available via the Twin Cities and Sioux City gateways, on a reciprocal basis with the Milwaukee affording equal privileges to the new company, with just and reasonable divisions thereof as may be agreed upon or fixed by the Commission in the event of the inability of the carriers to agree.

2. At the request of the Milwaukee, presented in writing not more than six months after date of the consummation of the merger authorized herein or not more than six months after the effective date of any certificate or order of the Commission permitting the Milwaukee to extend its operations to Portland, Oregon and to acquire trackage rights over the line of the new company between Longview Junction, Washington, and Portland, Oregon, the new company shall grant to the Milwaukee upon such fair and reasonable terms as the parties may agree, or as determined by the Commission in the event of their inability to agree, trackage rights to operate freight trains over the new company's line between Longview Junction and Portland, including the right to serve on an equal basis all present and future industries at Portland and intermediate points and the use of the new company's facilities at Portland necessary for the switching of traffic to other railroads and industries. The new company shall maintain Portland as an open gateway on a reciprocal basis with the Milwaukee to same extent as with other connecting carriers.

3. At the request of the Milwaukee, presented in wri ing not more than six months after date of the consu mation of the merger authorized herein or not more th six months after the effective date of any certificate order of the Commission permitting the Milwaukee acquire trackage rights over the lines of the new co pany between Renton and Snohomish, Washington, a Everett and Bellingham, Washington, the new compa shall grant to the Milwaukee upon such fair and reaso able terms as the parties may agree, or as determined b the Commission in the event of their inability to agre trackage rights to operate freight trains over the ne company's lines between Renton and Snohomish, and b tween Everett and Bellingham.

4. At the request of the Milwaukee, presented in wri ing not more than six months after date of the consu mation of the merger authorized herein, or not mo than six months after the effective date of any certifica or order of the Commission permitting the Milwaukee extend its service to Billings, Montana, and the handlin of the Milwaukee's traffic by the new company from a to Judith Gap, Miles City and Lombard, Montana, o the one hand, to, from and through Billings, Montan on the other, the new company shall impartially hand the Milwaukee's empty and loaded cars from, to a through Billings as a station on the Milwaukee to b delivered to and returned by the new company at Mile City, Judith Gap or Lombard, according to the directio of the traffic, including the switching of such cars to o from industries at Billings, upon such fair and reason able terms as the parties may agree, or as determined b the Commission in the event of their inability to agre

5. The new company shall refrain from opposing o in any manner protesting any application by the Mi waukee to the Commission for certificates or orders au thorizing (a) extension of its operations to Portland a of its service to Billings, (b) acquisition of the tracka rights aforesaid, and (c) the handling by the new co pany of the Milwaukee's traffic to, from and throu Billings.

. The new company shall join with the Milwaukee eliminating at their common points the dual basis of tch charges by cancelling in their respective tariffs higher switch charges required to be paid when ab- bed by the line haul carrier, and by providing in their pective tariffs for the absorption by the line haul rier of switch charges on all traffic, subject to a rea- able minimum carload revenue.

. The new company shall cooperate with the Mil- ukee in re-establishing rate relationships via all routes h the Milwaukee when, by reason of the merger, the ationships of rates via such routes with rates via other tes of applicant lines are disturbed.

F. D. No. 21478
Appendix N-7

REVENUE TON MILES (RAIL LINE) FOR
GREAT NORTHERN, NORTHERN PACIFIC, BURLINGTON & MILWAUKEE
FOR THE YEARS 1956 TO 1960

Year	Great Northern	Northern Pacific	Burlington	Milwaukee
	AGGREGATES IN THOUSANDS			
1946	14,764,701	10,940,116	16,657,849	15,744,422
1947	16,271,093	11,706,434	19,274,376	16,958,236
1948	16,392,435	11,275,659	18,357,884	16,345,256
1949	15,372,697	10,384,707	15,250,054	14,774,759
1950	16,040,277	11,271,924	16,755,823	16,258,840
1951	18,032,621	11,817,940	18,625,332	16,732,324
1952	17,508,976	11,680,102	17,096,963	16,005,309
1953	18,576,362	11,608,946	16,825,004	15,413,226
1954	17,246,217	11,218,039	15,709,662	14,178,679
1955	19,047,824	12,429,067	16,096,078	15,561,749
1956	19,437,620	12,440,023	16,670,939	15,612,345
1957	17,669,876	11,580,372	15,600,062	14,614,118
1958	15,275,808	10,989,920	15,258,487	13,884,510
1959	15,657,692	11,423,624	15,693,022	14,121,940
1960	15,830,841	11,360,095	15,256,220	13,604,642
	INDEX 1947-1948-1949 = 100%			
1946	92.2	98.4	94.5	98.2
1947	101.6	105.2	109.4	105.8
1948	102.4	101.4	104.1	102.0
1949	96.0	93.4	86.5	92.2
1950	100.2	101.3	95.1	101.5
1951	112.6	106.3	105.7	104.4
1952	109.3	105.0	97.0	99.9
1953	116.0	104.4	95.4	96.2
1954	107.7	100.9	89.1	88.5
1955	119.0	111.7	91.3	97.1
1956	121.4	111.8	94.6	97.4
1957	110.4	104.1	88.5	91.2
1958	95.4	98.8	86.6	86.6
1959	97.8	102.7	89.0	88.1
1960	98.9	102.1	86.5	84.9

Source: I.C.C. Annual Report Form A, Schedule 531, col. (d)
line 73 - 1946 to 1949, line 35 - 1950 to 1960.

F. D. No. 21478

Appendix N-7

STATEMENT SHOWING TOTAL RAILWAY OPERATING REVENUES, OTHER INCOME, AND TOTAL OF BOTH FOR APPLICANTS AND SUBSIDIARIES AND THE C.M.St.P.& P. RR. CO. FOR THE YEARS 1951 TO 1960

Line No.	Year (a)	G.N. Ry. Co. (b)	N.P. Ry. Co. (c)	S.P.& S. Ry. Co.* (d)	C.B.& Q. RR. Co. (e)	Pacific Coast RR. Co. (f)	Colorado and Southern Ry. Co. (g)	Ft. Worth and Denver Ry. Co. (h)	Total Cols. (b) to (h) Inclusive (i)	Deduct Intercompany Dividends C.B.& Q. Dividend (j)	Deduct Intercompany Dividends C.& S. Dividend (k)	Deduct Intercompany Interest S.P.& S. Interest (l)	Deduct Intercompany Interest C.& S.-Ft.W.& D. Interest (m)	Adjusted Total Applicants and Subsidiaries (n)	C.M.St.P.&P. RR.Co. (o)
	TOTAL RAILWAY OPERATING REVENUES														
1	1951	$248,038,691	$173,747,860	$ 30,822,940	$266,593,669	$395,212	$ 16,691,527	$ 23,271,090	$759,560,989					$759,560,989	$265,400,542
2	1952	260,247,470	177,868,524	30,921,811	270,347,780	433,875	16,304,001	23,991,061	780,114,522					780,114,522	269,465,584
3	1953	268,034,981	181,174,912	31,009,044	278,413,812	523,865	16,279,128	22,972,755	798,408,497					798,408,497	259,860,191
4	1954	250,254,361	171,601,842	29,443,071	252,352,714	457,363	14,424,059	23,701,489	742,234,899					742,234,899	237,744,639
5	1955	267,095,219	183,033,330	32,777,660	249,226,272	348,068	15,560,594	23,264,796	771,305,939					771,305,939	245,498,210
6	1956	280,542,504	188,169,812	33,704,294	257,032,495	351,138	15,596,251	23,418,763	798,815,257					798,815,257	253,860,566
7	1957	275,377,018	184,402,990	31,883,077	258,308,215	367,212	15,846,285	23,866,918	790,051,715					790,051,715	254,027,186
8	1958	251,671,504	179,107,731	32,392,387	258,027,700	285,666	16,029,928	26,452,443	763,967,359					763,967,359	244,262,808
9	1959	254,559,530	183,608,782	34,647,145	263,072,883	316,625	15,893,322	26,708,142	778,806,429					778,806,429	242,041,825
10	1960	246,024,650	174,915,492	32,705,176	251,135,890	318,311	15,394,799	25,376,460	745,870,778					745,870,778	230,362,902
11	Average 10 Years	260,184,593	179,763,128	32,030,661	260,451,143	379,734	15,801,989	24,302,391	772,913,639					772,913,639	250,252,445
	OTHER INCOME														
12	1951	$ 9,399,394	$ 10,646,043	$ 405,479	$ 1,610,398	$ 10,563	$ 1,362,015	$ 67,037	$23,500,929	$ 11,622,506		$4,000,000		$ 7,878,423	$ 3,375,801
13	1952	10,087,887	11,377,023	406,155	2,287,571	10,203	622,645	57,207	24,848,691	12,452,685	$ 25,512	4,000,000		8,370,494	2,501,969
14	1953	10,864,025	12,195,590	474,365	2,479,048	10,411	248,462	72,453	26,344,404	12,452,686	561,883	5,924,846		7,404,989	3,922,162
15	1954	9,796,122	11,047,454	429,430	2,367,698	15,875	255,495	96,583	24,008,657	12,452,686	561,883	2,948,400		8,045,688	3,997,305
16	1955	10,333,678	11,476,971	547,513	2,542,392	16,647	247,948	92,102	25,257,251	12,452,686	561,883	2,934,496		9,308,186	5,405,438
17	1956	10,316,076	15,239,509	472,318	3,063,781	19,895	297,059	105,624	29,514,262	12,452,686	561,883	2,629,400	$ 6,264	13,864,029	2,841,508
18	1957	10,526,515	16,748,834	671,033	3,371,720	21,972	293,164	155,615	31,788,853	12,452,685	571,323	2,428,400	44,253	16,292,192	3,030,728
19	1958	11,021,148	17,672,263	629,109	3,536,502	23,661	315,482	225,842	33,424,007	12,452,685	576,473	2,428,400	51,567	17,914,882	3,194,466
20	1959	11,332,961	21,713,456	737,185	5,989,476	24,332	449,472	190,452	40,437,334	12,452,685	367,830	2,268,400	52,118	25,296,301	4,394,436
21	1960	11,448,750	21,512,618	744,848	3,795,820	27,806	368,680	224,411	38,122,933	12,452,686	367,829	2,188,400	71,626	23,042,392	4,134,069
22	Average 10 Years	10,512,656	14,962,976	551,743	3,104,445	18,137	446,042	128,733	29,724,732	12,369,668	415,650	3,175,074	22,583	13,741,757	3,679,788
	TOTAL OF RAILWAY OPERATING REVENUES AND OTHER INCOME														
23	1951	$257,438,085	$184,393,903	$ 31,228,419	$268,204,067	$405,775	$ 18,053,542	$ 23,338,127	$783,061,918	$ 11,622,506		$4,000,000		$767,439,412	$268,776,343
24	1952	270,335,357	189,245,547	31,327,966	272,635,351	444,078	16,926,646	24,048,268	804,963,213	12,452,685	$ 25,512	4,000,000		788,485,016	271,967,553
25	1953	278,899,006	193,370,502	31,483,409	280,892,910	534,276	16,527,590	23,045,208	824,752,901	12,452,686	561,883	5,924,846		805,813,486	263,782,353
26	1954	260,050,483	182,649,296	29,872,501	254,720,412	473,238	14,679,554	23,798,072	766,243,556	12,452,686	561,883	2,948,400		750,280,587	241,741,944
27	1955	277,428,897	194,510,301	33,325,173	251,768,664	364,715	15,808,542	23,356,898	796,563,190	12,452,686	561,883	2,934,496		780,614,125	250,903,648
28	1956	290,858,580	203,409,321	34,176,612	260,096,276	371,033	15,893,310	23,524,387	828,329,519	12,452,686	561,883	2,629,400	$ 6,264	812,679,286	256,702,074
29	1957	285,903,533	201,151,824	32,554,110	261,679,935	389,184	16,139,449	24,022,533	821,840,568	12,452,685	571,323	2,428,400	44,253	806,343,907	257,057,914
30	1958	262,692,652	196,779,994	33,021,496	261,564,202	309,327	16,345,410	26,678,285	797,391,366	12,452,685	576,473	2,428,400	51,567	781,882,241	247,457,274
31	1959	265,892,491	205,322,238	35,384,330	269,062,359	340,957	16,342,794	26,898,594	819,243,763	12,452,685	367,830	2,268,400	52,118	804,102,730	246,436,261
32	1960	257,473,400	196,428,110	33,450,024	254,931,710	346,117	15,763,479	25,600,871	783,993,711	12,452,686	367,829	2,188,400	71,626	768,913,170	234,496,971
33	Average 10 Years	270,697,249	194,726,104	32,582,404	263,555,588	397,871	16,248,031	24,431,124	802,638,371	12,369,668	415,650	3,175,074	22,583	786,655,396	253,932,233

Source: I.C.C. Annual Report Form A, except Pacific Coast RR. Co.

* Includes Oregon Electric Ry. Co. and Oregon Trunk Ry. Co.

STATEMENT SHOWING NET RAILWAY OPERATING INCOME, AVERAGE NET INVESTMENT AND RATE OF RETURN FOR APPLICANTS AND SUBSIDIARIES AND THE C.M.ST.P.& P. RR. CO. FOR THE YEARS 1951 TO 1960

F. D. No. 21478

Appendix N-7 (Cont'd)

Line No.	Year (a)	C.M.Ry.Co. (b)	M.P.Ry.Co. (c)	S.P.& S. Ry.Co.♯ (d)	C.B.& Q. RR.Co. (e)	Pacific Coast RR.Co. (f)	Colorado and Southern Ry.Co. (g)	Ft. Worth and Denver Ry.Co. (h)	Total Columns (b) to (h) Inclusive (i)	Add Income Tax Savings on C.B.&Q. Dividend (j)	Add Income Tax Savings on C.&S. Dividend (k)	Adjusted Total Applicants and Subsidiaries (l)	C.M.St.P.&P. RR. Co. (m)
	NET RAILWAY OPERATING INCOME												
1	1951	$ 23,214,095	$ 16,331,460	$ 5,607,741	$ 30,116,672	$ 72,810	$ 1,431,904	$ 2,679,772	$ 79,454,454	$884,763	$ -	$ 80,339,217	$ 15,326,006
2	1952	25,914,145	15,424,532	5,804,900	31,743,995	47,926	2,259,024	3,379,281	84,573,803	971,309	1,990	85,547,102	17,429,608
3	1953	27,530,656	14,867,078	5,900,261	29,879,662	92,475	2,123,762	2,881,465	83,275,359	971,309	43,827	84,290,495	14,663,688
4	1954	24,226,248	15,459,343	5,801,755	27,748,529	42,857	1,254,813	2,870,313	77,403,858	971,309	43,827	78,418,994	14,568,518
5	1955	30,154,442	19,223,760	5,923,665	26,490,403	15,806	1,413,286	1,966,997	85,188,359	971,309	43,827	86,203,495	15,780,525
6	1956	30,407,474	17,875,223	5,709,477	25,542,287	(49,913)	959,683	1,671,645	82,115,876	971,309	43,827	83,131,012	17,344,934
7	1957	24,853,703	17,401,669	3,528,825	21,001,392	13,554	1,185,042	1,529,011	69,513,196	971,309	44,563	70,529,068	16,418,693
8	1958	25,823,310	18,225,319	3,676,548	23,672,803	(15,223)	1,379,825	1,685,165	74,447,747	971,309	44,965	75,464,021	16,870,993
9	1959	24,210,428	14,568,518	4,871,818	19,442,026	(19,359)	784,096	1,105,274	64,962,801	971,309	28,691	65,962,801	13,651,274
10	1960	18,435,448	10,115,540	2,773,961	16,632,498	12,724	895,749	764,325	49,630,245	971,309	28,691	50,630,245	9,654,308
11	Average 10 Years	25,476,995	15,949,244	4,959,895	25,227,027	21,366	1,368,718	2,053,325	75,056,570	962,654	32,421	76,051,645	15,170,855
	AVERAGE NET INVESTMENT *												
12	1951	$631,808,532	$634,544,387	$126,084,039	$638,946,649	$2,659,136	$ 75,111,127	$ 53,864,488	$2,163,018,358			$2,163,018,358	$760,629,469
13	1952	647,697,497	648,255,632	128,380,932	662,203,081	2,765,988	75,832,378	57,311,667	2,222,447,175			2,222,447,175	770,124,564
14	1953	671,400,861	658,973,370	128,396,456	684,308,528	2,861,721	76,349,142	62,352,660	2,284,642,738			2,284,642,738	761,884,581
15	1954	677,816,555	668,628,214	129,880,617	701,736,158	2,988,913	76,359,946	64,488,179	2,321,898,582			2,321,898,582	763,127,983
16	1955	688,947,607	683,869,040	132,217,351	709,091,353	2,943,215	75,991,044	64,404,714	2,357,464,624			2,357,464,624	765,342,624
17	1956	702,433,988	700,675,663	132,768,687	714,900,400	2,788,681	76,269,174	63,517,275	2,393,353,868			2,393,353,868	775,671,144
18	1957	705,631,746	717,718,266	135,095,311	732,176,591	2,809,705	78,426,632	63,218,852	2,435,077,103			2,435,077,103	781,398,024
19	1958	705,383,082	728,538,965	140,778,775	748,728,652	2,781,116	80,361,078	63,237,685	2,469,809,353			2,469,809,353	777,508,204
20	1959	701,747,862	729,258,030	144,244,708	752,085,606	2,770,320	81,692,208	62,847,796	2,474,646,530			2,474,646,530	784,980,813
21	1960	699,579,711	736,532,856	143,442,934	754,601,674	2,847,649	82,266,118	61,959,513	2,481,230,455			2,481,230,455	785,003,884
22	Average 10 Years	683,244,744	690,699,442	134,128,981	709,877,869	2,821,674	77,865,885	61,720,283	2,360,358,878			2,360,358,878	772,567,129
	RATE OF RETURN ON AVERAGE NET INVESTMENT												
23	1951	3.67%	2.57%	4.45%	4.71%	2.74%	1.91%	4.98%				3.71%	2.01%
24	1952	4.00	2.38	4.52	4.79	1.73	2.98	5.90				3.85	2.26
25	1953	4.10	2.26	4.60	4.37	3.23	2.78	4.62				3.69	1.92
26	1954	3.57	2.31	4.47	3.95	1.43	1.64	4.45				3.38	1.91
27	1955	4.38	2.81	4.48	3.74	.54	1.86	3.05				3.66	2.06
28	1956	4.33	2.55	4.30	3.57	-	1.26	2.63				3.47	2.24
29	1957	3.52	2.42	2.61	2.87	.48	1.51	2.42				2.90	2.10
30	1958	3.66	2.50	2.61	3.16	-	1.72	2.66				3.06	2.17
31	1959	3.45	2.00	3.38	2.59	-	.96	1.76				2.67	1.74
32	1960	2.64	1.37	1.93	2.20	.45	1.09	1.23				2.04	1.23
	Average 10 Years	3.73	2.31	3.70	3.55	.76	1.76	3.33				3.22	1.96

Source: Association of American Railroads, Bureau of Railway Economics publication "Property Investment and Condensed Operating Income Account". The underlying source of this publication is the I.C.C. Annual Report Form A. Pacific Coast Railroad Company from Mr. Tuner's Exhibit 19, Page 34.

* Represents average investment at beginning and end of year in road and equipment (less accrued depreciation and amortization), material and supplies (Account 712) and cash (Account 701).

♯ Includes Oregon Electric Ry. Co. and Oregon Trunk Ry. Co.

() Denotes deficit.

STATEMENT SHOWING THE PERCENT OF COMBINED RAILWAY OPERATING REVENUES AND OTHER INCOME REMAINING AS NET INCOME FOR THE APPLICANTS AND SUBSIDIARIES AND THE C.M.ST.P.& P. RR. CO. FOR THE YEARS 1951 TO 1960

F. D. No. 21478

Appendix N-7 (Cont'd)

Line No.	Year (a)	G.M.Ry.Co. (b)	N.P.Ry.Co. (c)	S.P.& S. Ry.Co. * (d)	C.B.& Q. RR.Co. (e)	Pacific Coast RR.Co. (f)	Colorado and Southern Ry.Co. (g)	Ft. Worth and Denver Ry.Co. (h)	Total Cols. (b) to (h) Inclusive (i)	Deduct Intercompany Dividends C.B.& Q. Dividend (j)	Deduct Intercompany Dividends C.& S. Dividend (k)	Deduct Intercompany Interest S.P.& S. Interest (l)	Deduct Intercompany Interest C.& S. - Ft.W.& D. Interest (m)	Adjusted Total Applicants and Subsidiaries (n)	C.M.St.P.& P. RR.Co. (o)
	TOTAL OF RAILWAY OPERATING REVENUES AND OTHER INCOME														
1	1951	$257,438,085	$184,393,903	$ 31,228,419	$268,204,067	$405,775	$ 18,053,542	$ 23,338,127	$783,061,918	$11,622,506	$ -	$4,000,000		$767,439,412	$268,776,343
2	1952	270,335,357	189,245,547	31,327,966	272,635,351	444,078	16,926,646	24,048,268	804,963,213	12,452,685	25,512	4,000,000		788,485,016	271,967,553
3	1953	278,899,006	193,370,502	31,483,409	280,892,910	534,276	16,527,590	23,045,208	824,752,901	12,452,686	561,883	5,924,846		805,813,486	263,782,353
4	1954	260,050,483	182,649,296	29,872,501	254,720,412	473,238	14,679,554	23,798,072	766,243,556	12,452,686	561,883	2,948,400		750,280,587	241,741,944
5	1955	277,428,897	194,510,301	33,325,173	251,768,664	364,715	15,808,542	23,356,898	796,563,190	12,452,686	561,883	2,934,496		780,614,125	250,903,648
6	1956	290,858,580	203,409,321	34,176,612	260,096,276	371,033	15,893,310	23,524,387	828,329,519	12,452,686	561,883	2,629,400	$ 6,264	812,679,286	256,702,074
7	1957	285,903,533	201,151,824	32,554,110	261,679,935	389,184	16,139,449	24,022,533	821,840,568	12,452,685	571,323	2,428,400	44,253	806,343,907	257,057,914
8	1958	262,692,652	196,779,994	33,021,496	261,564,202	309,327	16,345,410	26,678,285	797,391,366	12,452,685	576,473	2,428,400	51,567	781,882,241	247,457,274
9	1959	265,892,491	205,322,238	35,384,330	269,062,359	340,957	16,342,794	26,898,594	819,243,763	12,452,685	367,830	2,268,400	52,118	804,102,730	246,436,261
10	1960	257,473,400	196,428,110	33,450,024	254,931,710	346,117	15,763,479	25,600,871	783,993,711	12,452,686	367,829	2,188,400	71,626	768,913,170	234,496,971
11	Average 10 Years	270,697,249	194,726,104	32,582,404	263,555,588	397,871	16,248,031	24,431,124	802,638,371	12,369,668	415,650	3,175,074	22,583	786,655,396	253,932,233
	NET INCOME														
12	1951	$ 23,946,200	$ 15,961,859	$ 2,412,466	$ 25,249,288	$ 80,549	$ 2,018,166	$ 1,404,399	$ 71,072,927	$10,737,743	$ -			$ 60,335,184	$ 10,068,990
13	1952	27,704,659	15,821,166	2,556,200	28,000,592	55,986	2,430,274	2,238,400	78,807,277	11,481,376	23,522			67,302,379	11,262,693
14	1953	29,942,607	15,539,178	2,699,980	25,661,506	100,568	2,201,931	1,725,844	77,871,614	11,481,377	518,056			65,872,181	10,013,018
15	1954	25,481,459	14,358,045	2,495,191	23,011,720	53,617	1,316,918	1,765,660	68,442,610	11,481,377	518,056			56,443,177	9,904,459
16	1955	32,063,925	19,143,618	2,742,386	22,157,846	25,721	1,497,449	878,646	78,509,591	11,481,377	518,056			66,510,158	9,532,282
17	1956	32,239,468	20,983,445	2,786,287	21,565,218	(36,441)	1,105,628	636,219	79,279,824	11,481,377	518,056			67,280,391	8,485,914
18	1957	26,643,515	21,126,050	504,085	17,182,612	32,150	1,208,573	591,017	67,288,002	11,481,376	526,760			55,279,866	7,916,348
19	1958	27,577,798	22,011,976	1,030,244	19,491,732	79	1,384,322	848,821	72,344,972	11,481,376	531,508			60,332,088	8,379,057
20	1959	26,558,273	23,781,165	2,597,561	17,696,143	(230)	859,961	218,567	71,711,440	11,481,376	339,139			59,890,925	5,875,176
21	1960	20,723,214	18,547,194	665,729	12,493,138	27,361	895,962	51,227	53,403,825	11,481,377	339,138			41,583,310	1,323,063
22	Average 10 Years	27,284,111	18,727,370	2,049,013	21,250,980	33,936	1,491,919	1,035,880	71,873,209	11,407,013	383,229			60,082,967	8,276,100
	PERCENT OF COMBINED RAILWAY OPERATING REVENUES AND OTHER INCOME REMAINING AS NET INCOME														
23	1951	9.30%	8.66%	7.73%	9.41%	19.85%	11.18%	6.02%						7.86%	3.75%
24	1952	10.25	8.36	8.16	10.27	12.61	14.36	9.31						8.54	4.14
25	1953	10.74	8.04	8.58	9.14	18.82	13.32	7.49						8.17	3.80
26	1954	9.78	7.86	8.35	9.03	11.33	8.97	7.42						7.52	4.10
27	1955	11.56	9.84	8.23	8.80	7.05	9.47	3.76						8.52	3.80
28	1956	11.08	10.32	8.15	8.29	-	6.96	2.70						8.28	3.31
29	1957	9.32	10.50	1.55	6.57	8.26	7.49	2.46						6.86	3.08
30	1958	10.50	11.19	3.12	7.45	.03	8.47	3.18						7.72	3.39
31	1959	9.99	11.58	7.34	6.58	-	5.26	.81						7.45	2.38
32	1960	8.05	9.44	1.99	4.90	7.91	5.68	.20						5.41	.56
33	Average 10 Years	10.08	9.62	6.29	8.06	8.53	9.18	4.24						7.64	3.26

Source: I.C.C. Annual Report Form A, except Pacific Coast RR.Co.
() Denotes deficit.
* Includes Oregon Electric Ry. Co. and Oregon Trunk Ry. Co.

F. D. No. 21478

Appendix N-7 (cont'd

FREIGHT TRAFFIC DENSITY

Line No.	Item (a)	G.N. Ry. Co. (b)	N.P. Ry. Co. (c)	S.P.& S. Ry. Co. (d)	Total Cols. (b), (c), (d) (e)	C.M.St.P.&P. Lines West of St.Paul and Sioux City (f)	C.B.& Q. RR. Co. (g)	C.M.St.P.&P. Lines East of St.Paul and Sioux City (h)	Total G.N.P.& B. Cols. (b), (c), (d) & (g) (i)	Total C.M.St.P.&P. (j)
1	Ton-miles Revenue Freight (000)									
2	1956	19,437,620	12,440,023	2,369,998	34,247,641	6,226,759	16,670,939	9,385,586	50,918,580	15,612,345
3	1957	17,669,876	11,580,372	2,138,400	31,388,648	5,593,610	15,600,062	9,020,508	46,988,710	14,614,118
4	1958	15,275,808	10,989,920	2,131,451	28,397,179	5,539,336	15,258,487	8,345,174	43,655,666	13,884,510
5	1959	15,657,692	11,423,624	2,186,552	29,267,868	5,506,308	15,693,022	8,615,632	44,960,890	14,121,940
6	1960	15,830,841	11,360,095	2,148,659	29,339,595	5,238,968	15,256,220	8,365,674	44,595,815	13,604,642
7	Average five years	16,774,367	11,558,807	2,195,012	30,528,186	5,620,996	15,695,746	8,746,515	46,223,932	14,367,511
8	Average miles road operated (Freight)									
9	1956	8,273	6,566	946	15,785	5,835	8,770	4,794	24,555	10,629
10	1957	8,275	6,534	944	15,753	5,825	8,743	4,778	24,496	10,603
11	1958	8,269	6,533	939	15,741	5,818	8,696	4,765	24,437	10,583
12	1959	8,280	6,535	935	15,750	5,819	8,649	4,767	24,399	10,586
13	1960	8,279	6,520	935	15,734	5,821	8,621	4,768	24,355	10,589
14	Average five years	8,275	6,538	940	15,753	5,824	8,696	4,774	24,449	10,598
15	Ton-miles Revenue Freight per									
16	Mile of Road per Year									
17	1956	2,349,525	1,894,612	2,505,283	2,169,632	1,067,140	1,900,905	1,957,778	2,073,654	1,468,844
18	1957	2,135,332	1,772,325	2,265,254	1,992,550	960,276	1,784,292	1,887,925	1,918,220	1,378,300
19	1958	1,847,359	1,682,216	2,269,916	1,804,026	952,103	1,754,656	1,751,348	1,786,458	1,311,964
20	1959	1,891,026	1,748,068	2,338,558	1,858,277	946,264	1,814,432	1,807,349	1,842,735	1,334,020
21	1960	1,912,168	1,742,346	2,298,031	1,864,726	900,012	1,769,658	1,754,546	1,831,074	1,284,790
22	Average five years	2,027,114	1,767,942	2,335,119	1,937,928	965,144	1,804,939	1,832,115	1,890,627	1,355,681

Source: I.C.C., Annual Reports except C.M.St.P.& P. Lines West and East of St. Paul which were developed from Annual Reports to various State Commissions and division reports.

APPENDIX N-8

Percentages used in estimating traffic which would be handled by applicants for a longer haul

	Percentage of Loss Estimated by W.D. & Co.	C&NW	Milw.
Interline Forwarded to a Point or Junction on a connecting line which is competitive with the applicants			
All Traffic			60
Flour	15-20	50	
Potatoes	15-20	50	
Lumber	30	60	
Veneer, plywood & built-up wood	30	60	
Woodpulp	25-30	60	
Other commodities forwarded from GN points			
4 in number	10	10	
19 " "	15	15	
7 " "	20	20	
67 " "	25	25	
7 " "	30	30	
4 " "	10-25	10-25	
1 " "	15-20	15-20	
2 " "	15-25	15-25	
Other commodities forwarded from NP points			
Aluminum bars, ingots and other semi-manufactured aluminum products	10	10	
Automobiles and trucks	0	0	
Phosphate rock	0	0	
Other commodities	20	20	
Other commodities forwarded from CB&Q points			
Grain to Minnesota and Dakota	10		
Industrial sand to Pacific Northwest	25		
Industrial sand to Canada	10		
Asphalt, Wyoming to Minnesota	40		
Road oil, Wyoming & Montana to Minnesota	40		
Agricultural implements to Canada and border states	25		
Metal furniture to Pacific Northwest	20		

	Percentage of Loss W.D. & Co.	C&NW Milw.
Interline Received from a Point or Junction on a connecting line which is competitive with the applicants		
All Traffic		30
Commodities received at GN points		
3 in number	5	5
56 " "	10	10
24 " "	15	15
19 " "	20	20
71 " "	25	25
1 " "	30	30
Commodities received at NP points		
Received from Milwaukee where there are no joint NP-GN rates in effect	100	
Hogs from Sioux City and Sioux Falls	100	100
Forwarder traffic	0	0
Other commodities	20	20
Commodities received at CB&Q points		
Livestock from Montana and the Dakotas	30	
Forest products	15	
Canned goods from Pacific Northwest	10	
Interline Intermediate to an applicant		
All traffic		10
Lumber	15	30
Woodpulp	10-15	30
Veneer, plywood & built-up wood	10-15	30
Other commodities intermediate to GN		
61 in number	10	10
47 " "	15	15
13 " "	20	20
1 " "	25	25
Other commodities intermediate to NP	15	15
Other commodities intermediate to CB&Q		
8 in number	10	

Sources: TR 6309-6311
Ex 113; Tr 8378, 8382
Ex 4, pp. 139 ff.

APPENDIX N-9

INTERVENER C&NW REQUESTED CONDITIONS

Traffic Conditions:

1. Upon consummation of the transaction, the New Company shall maintain and keep open all routes and channels of trade via existing junctions and gateways, unless and until otherwise mutually agreed upon by the carriers affected or otherwise authorized by the Commission; and specifically, but without limitation, the New Company:

(a) shall accord complete participation via existing junctions and gateways in any rates which wholly or partly replace, supersede, or alternate with any rate, class, commodity, or combination, applicable via junctions and gateways existing at the time of consummation of the transaction, and

(b) shall not, where rates at the time of consummation of the transaction are equalized via two or more gateways, change or joint in a change or establish new rates via one such gateway without joining in the same rate in connection with carrier parties to the rates applying via such other gateway or gateways.

2. The New Company shall establish and maintain unrestricted joint rates and routes with the C&NW on a reasonably related divisional basis via Oakes, North Dakota, between the stations specified in sheet 3 herein.

3. The New Company shall establish and maintain unrestricted joint rates and routes with the C&NW on a reasonably related divisional basis via Crawford, Nebraska, between the stations specified in sheet 4 herein.

4. The New Company shall maintain connecting service schedules and interchange service at Crawford, Nebraska, and at Oakes, North Dakota, so as to provide an efficient and effective service to the shipping public.

Operating Conditions:

1. The New Company shall offer to deliver interchange traffic to the C&NW at the latter's Lyndale and

East Minneapolis Yards, as the C&NW may designate, and to accept interchange traffic from the C&NW at the New Company's Lyndale and Union Yards.

2. The New Company shall permit the C&NW to operate between Minneapolis and St. Paul over track owned by the Great Northern and shall offer to rescind the provisions of the contracts between the C&NW and the Northern Pacific which require the C&NW to pay for trackage rights between Minneapolis and St. Paul (including 4th Street yard).

3. The New Company shall offer to sell or lease, for a reasonable charge, tracks of the New Company in Union Yard in Minneapolis, as follows: tracks paralleling the C&NW East Minneapolis Yard, tracks in Yard B, and 2500 feet of Main No. 1 tracks extending west of Yard C.

4. The New Company shall offer to rescind the provisions of the contracts between the C&NW and the Great Northern which require the C&NW to pay rental for use of the Great Northern's Minneapolis passenger station and related facilities.

5. The New Company shall offer to rescind the requirement for the payment of charges by the C&NW for use of New Company tracks when the C&NW delivers cars to the New Company under Association of American Railroad bridge or pick-up orders.

6. The New Company shall permit the C&NW to make a direct interchange with the Soo Line in Duluth.

7. The New Company shall (1) grant such trackage rights to the DW&P Railroad, at a reasonable use charge, as will permit a direct interchange between the C&NW and the DW&P Railroad at Duluth, or (2) withhold objective to direct interchange between the C&NW and the DW&P Railroad via LST&T tracks at Superior.

8. The New Company shall offer to modify all operating contracts between the Great Northern, Northern Pacific, and Burlington, on the one hand, and the C&NW on the other hand, to provide for cancellation on 90-days' notice by the party given the right to use the facility covered by the operating contract.

Appendix N-9 (Cont'd)

Item No.	ALL FREIGHT VIA MERGED LINE, OAKES, N. D. C&NW	
	Between Stations In (Except as noted)	And Stations In (Except as noted)
1	North Dakota on merged line on and west of line from Oaks to Leeds through Jamestown and Carrington. Montana) Idaho) On merged line and Washington) its short line Oregon) connections. California) Oregon on SP British Columbia Alberta Saskatchewan	Minnesota on C&NW west of line Minneapolis to Bigelow, Minn. Nebraska on C&NW South Dakota on C&NW Western Trunk Line Territory on and east of line of C&NW from Duluth, Minn. to Council Bluffs, Ia. through Clear Lake, Wis., Minneapolis and Mankato, Minn., Alton and Sioux City, La., thence line of UP, Council Bluffs, Ia. to Kansas City, Mo.-Kan. through Valley and Lincoln, Neb., Marysville and Emmet, Kan.
2	California on AT&SF, SP, WP and their short line connections on and north of line of SP from Banning to Colton, thence line of AT&SF Colton to San Diego through Corona and branch lines extending therefrom.	
3	From Stations In (2) California on SP Redding and north (applies only when transited en route.) (2) California on WP Hawley to Blinzig and north.	(1) Kansas (1) Southwestern Territory Official Territory including Eastern Canada Southern Territory
4	North Dakota on merged line east of line from Oakes to Leeds through Jamestown and Carrington. Minnesota on merged line on and west of line from Glyndon to Noyes through Crookston. Manitoba	South Dakota) Nebraska) On C&NW Wyoming) Iowa on C&NW from Hawarden to Council Bluffs through Sioux City Nebraska on and east of line of UP from Omaha to Barneston through Valley and Lincoln. Kansas City and St. Joseph Mo. Kansas Southwestern Territory

(1) Will not apply from or to California stations in Item 2.
(2) Applies only on lumber.

Item No.	ALL FREIGHT VIA MERGED LINE, CRAWFORD, NEB. C&NW	
	Between Stations In (Except as noted)	And Stations In (Except as noted)
5	Wyoming and South Dakota (Black Hills Region) on merged line Montana on merged line on and west of line from Aberdeen to Havre through Billings and Great Falls, including Lewiston branch. Idaho) Washington) On merged line and Oregon) its short connections. California) Oregon on SP British Columbia Alberta	Minnesota on C&NW west of line from Minneapolis to Bigelow Nebraska on C&NW South Dakota on C&NW Western Trunk Line Territory on and east of line of C&NW from Duluth, Minn. to Council Bluffs, Ia. through Clear Lake, Wis., Minneapolis and Mankato, Minn., Alton and Sioux City, Ia., thence line of UP, Council Bluffs, Ia., to Kansas City, Mo.-Kan. through Valley and Lincoln, Neb., Marysville and Emmet, Kan. (1) Kansas (1) Southwestern Territory Official Territory including Eastern Canada Southern Territory
6	California on AT&SF, SP, WP and their short line connections on and north of line of SP from Banning to Colton, thence line of AT&SF Colton to San Diego through Corona and branch lines extending therefrom.	
	From Stations In	
7	(2) California on SP Redding and north (applies only when transited en route.) (2) California on WP Hawley to Blinzig and north.	

(1) Will not apply from or to California stations in item 6.
(2) Applies only on lumber.

F. D. No. 21478

Appendix N-10

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

OPERATING AND FINANCIAL DATA FOR THE CHICAGO AND NORTH WESTERN RAILWAY COMPANY (NOTE), WESTERN DISTRICT, AND CLASS I RAILROADS

YEAR 1960

Item	Chicago and North Western Railway Company (Note)	Western District Class I Railroads	Total Class I Railroads	Percentage Relationship: Chicago and North Western Railway Company and Western District Class I Railroads (2) ÷ (3)	Percentage Relationship: Chicago and North Western Railway Company and Total Class I Railroads (2) ÷ (4)
(1)	(2)	(3)	(4)	(5)	(6)
1. Miles of road operated	10,729	124,735	220,559	8.6%	4.9%
2. Number of employes:					
(a) Executives, officials and staff assistants	424	6,211	15,043	6.8%	2.8%
(b) Non-operating	13,541	244,518	559,736	5.5	2.4
(c) Operating	4,782	85,982	205,715	5.6	2.3
Total	18,747	336,711	780,494	5.6%	2.4%
3. Compensation paid to employes	$ 123,131,821	$ 2,107,053,184	$ 4,893,621,637	5.8%	2.5%
4. Revenue ton miles - freight	13,406,108,000	266,864,722,000	571,832,975,000	5.0	2.3
5. Passenger miles	600,807,095	8,830,092,637	21,257,968,747	6.8	2.8
6. Operating revenues	$ 224,493,523	$ 4,222,643,584	$ 9,514,294,063	5.3	2.4
7. Net railway operating income or (loss)	$ (377,293)	$ 293,920,933	$ 584,016,346	-	-
8. Net income or (loss) (after fixed charges and contingent interest)	$ (6,414,246)	$ 281,976,602	$ 444,639,927	-	-
9. Net investment	$ 757,178,363	$ 12,279,083,141	$ 27,474,088,845	6.2	2.8
10. Rate of return on net investment	0.0%	2.4%	2.1%	-	-
11. Operating ratio	85.73	78.05	79.52	109.8	107.8

Note: Chicago and North Western Railway Company data includes Chicago and North Western Railway Company and Minneapolis and St. Louis Railway Company.

Source: I.C.C. "Statistics of Railways in the United States," 1960. Western District Railroads reports for the year 1960 to the Interstate Commerce Commission, "Report of Employees, Service, and Compensation," and Annual Reports of Chicago and North Western Railway Company and the Minneapolis and St. Louis Railway Company to the Interstate Commerce Commission, 1960.

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

F. D. No. 21478

CONSOLIDATED BALANCE SHEET - MARCH 31, 1962 AND DECEMBER 31, 1961

Appendix N-10 (Cont'd)

PROPERTY AND OTHER ASSETS	March 31, 1962	December 31, 1961
RENT ASSETS:		
Cash	$ 4,310,422	$ 6,488,145
Temporary cash investments	7,185,203	10,350,394
Accounts receivable	23,077,612	20,412,668
Materials and supplies	14,405,284	13,978,194
	$ 48,978,521	$ 51,229,401
TREASURY SECURITIES AND CASH ON POSIT WITH TRUSTEES	$ 2,116,735	$ 1,559,124
STMENTS, at cost or less:		
noperating property	$ 6,375,491	$ 6,411,617
vestment in jointly owned transportation companies capital stock and advances	2,826,090	2,857,815
	$ 9,201,581	$ 9,269,432
ATING PROPERTY, at original cost or less:		
nd	$384,704,286	$ 607,282,478
ipment	362,937,225	364,038,621
eral	26,592,621	26,709,117
provements on leased property	241,536	510,916
struction work in progress	4,789,934	-
Investment in road and equipment	$779,265,602	$ 998,541,132
s-Reserves for Depreciation, depletion and amortization	(272,452,793)	(270,712,127)
Acquisition adjustment	-	(211,995,201)
Donations and grants	-	(4,183,664)
Net operating property	$506,812,809	$ 511,650,140
ASSETS	$ 8,501,337	$ 9,697,518
	$575,610,983	$ 583,405,615

STOCKHOLDERS' EQUITY AND LIABILITIES	March 31, 1962	December 31, 1961
CURRENT LIABILITIES:		
Accounts payable	$ 22,307,804	$ 25,165,089
Payroll and vacation pay	10,231,021	9,353,648
Interest	8,478,215	8,501,977
Taxes	8,543,485	7,593,869
	$ 49,560,525	$ 50,614,583
LONG-TERM DEBT DUE WITHIN ONE YEAR	$ 14,168,980	$ 13,632,165
RESERVES:		
Retired employe pensions	$ 8,405,890	$ 8,496,433
Interest on Second Mortgage Income Bonds	4,676,125	3,916,466
Other	4,601,084	5,389,317
	$ 17,683,099	$ 17,802,216
CAPITALIZATION:		
Long-term debt excluding amounts due within one year -		
First Mortgage Bonds, 3%, due January 1, 1989	$ 49,344,000	$ 49,344,000
Second Mortgage, 4-1/2% Convertible Income Bonds, due January 1, 1999	67,525,272	67,525,272
M&StL Ry. Co. First Mortgage Bonds, 6%, due November 1, 1985	16,794,692	16,794,692
Equipment obligations	85,696,523	86,391,021
Other	1,800,769	2,259,687
	$219,161,256	$ 222,314,672
Common stock equity -		
Common stock, no par, stated value $100 per share -- 812,254 shares outstanding	$ 81,225,400	$ 81,225,400
Capital surplus	29,436,436	29,436,437
Retained income	72,985,087	76,989,842
	$183,646,923	$ 187,651,679
Preferred stock, par value $100 per share, 5% participating, non-cumulative 913,903 shares outstanding	91,390,300	91,390,300
	$275,037,223	$ 279,041,979
Total capitalization	$494,198,479	$ 501,356,651
	$575,610,983	$ 583,405,615

Note: Effective January 1, 1962, the revised Chart of Accounts, issued by the Interstate Commerce Commission, eliminated the acquisition adjustment and donations and grants accounts. These accounts are deducted from road property until such time as they can be analyzed and distributed to the proper accounts.

F. D. No. 21478

Appendix N-10 (cont'd)

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

REVENUE, LABOR COSTS AND INCOME PER NET TON MILE OF FREIGHT (REVENUE AND NONREVENUE) OF THE CHICAGO AND NORTH WESTERN RAILWAY COMPANY (NOTE 1) FOR THE YEARS 1925 TO 1961

Period (1)	Net Ton Miles of Freight (Revenue and Nonrevenue) (Millions) (2)	Revenue, Labor Costs, and Income Per Net Ton Mile of Freight (Revenue and Nonrevenue)			
		Freight Revenue (3)	Labor Cost (Note 2) (4)	Net Railway Operating Income - Freight (5)	Net Income (6)
FIVE YEAR AVERAGE					
1925 to 1929	13,439	1.06¢	0.690¢		0.080¢
1930 to 1934	8,716	1.05	0.675		(0.104)
1935 to 1939	9,243	0.97	0.654		(0.153)
1940	10,209	0.95	0.628	0.215¢	(0.060)
1941	12,534	0.92	0.570	0.239	0.017
1942	15,153	0.92	0.538	0.226	0.084
1943	16,894	0.88	0.505	0.235	0.184
1944	16,839	0.89	0.588	0.129	0.129
1945	16,872	0.90	0.606	0.077	0.103
1946	15,672	0.93	0.766	0.093	0.063
1947	16,720	1.06	0.764	0.163	0.049
1948	16,213	1.23	0.849	0.229	0.067
1949	13,886	1.30	0.953	0.239	0.018
1950	15,508	1.28	0.870	0.254	0.065
1951	16,895	1.25	0.896	0.217	0.027
1952	15,879	1.35	0.962	0.239	0.042
1953	14,939	1.44	1.012	0.262	0.041
1954	13,658	1.45	1.071	0.197	(0.023)
1955	14,935	1.40	0.993	0.213	0.026
1956	14,684	1.42	1.027	0.180	(0.022)
1957	13,596	1.50	1.015	0.202	0.010
1958	13,042	1.53	0.986	0.210	0.036
1959	13,530	1.46	0.973	0.134	(0.013)
1960	13,684	1.41	0.924	0.074	(0.047)
1961	13,474	1.42	0.862	0.146	0.023
FIVE YEAR AVERAGE 1957 TO 1961	13,465	1.46¢	0.952¢	0.153¢	0.002¢
PERCENT INCREASE OR (DECREASE):					
FIVE YEAR AVERAGE 1957 TO 1961 OVER THE FIVE YEAR AVERAGE FOR THE FOLLOWING PERIODS:					
1925 to 1929	- %	38%	38%	- %	(98)%
1930 to 1934	54	39	41	-	-
1935 to 1939	46	51	46	-	-

Notes: 1. Chicago and North Western Railway Company data includes Chicago and North Western Railway Company, Chicago, St. Paul, Minneapolis and Omaha Railway Company, Litchfield and Madison Railway Company and Minneapolis and St. Louis Railway Company.

2. Labor costs are wages charged to operating expenses (excluding executives, officials and staff assistants), payroll taxes and health and welfare benefits.

Source: Annual reports of the Chicago and North Western Railway Company, Chicago, St. Paul, Minneapolis and Omaha Railway Company, Litchfield and Madison Railway Company and Minneapolis and St. Louis Railway Company to the Interstate Commerce Commission.

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

RAILWAY OPERATING REVENUE, EXPENSES AND NET RAILWAY OPERATING INCOME AND NET INCOME OF THE CHICAGO AND NORTH WESTERN RAILWAY COMPANY (NOTE) FOR THE YEARS 1925 TO 1961
(Millions)

Period (1)	Railway Operating Revenue (2)	Expenses (2 - 4) (3)	Net Railway Operating Income (4)	Other Income (5)	Deductions (6)	Net Income or (Loss) (7)
FIVE YEAR AVERAGE						
1925 to 1929	$194.3	$167.9	$26.4	$2.7	$18.3	$10.8
1930 to 1934	118.3	109.9	8.4	2.7	29.2	(9.1)
1935 to 1939	112.5	108.6	3.9	1.9	19.9	(14.1)
1940	121.8	109.6	12.2	1.6	19.9	(6.1)
1941	[illegible]2.2	121.7	20.5	1.7	20.1	2.1
1942	[illegible]7.3	145.4	31.9	1.8	20.9	12.8
1943	205.0	156.1	48.9	2.0	19.8	31.1
1944	211.1	182.3	28.8	1.9	9.0	21.7
1945	216.3	193.9	22.4	2.2	7.2	17.4
1946	204.3	191.7	12.6	3.8	6.6	9.8
1947	228.6	216.1	12.5	2.1	6.4	8.2
1948	252.9	237.8	15.1	2.3	6.5	10.9
1949	226.7	220.7	6.0	3.1	6.6	2.5
1950	246.9	232.5	14.4	2.4	6.7	10.1
1951	262.9	254.2	8.7	2.5	6.6	4.6
1952	267.5	256.3	11.2	2.3	6.8	6.7
1953	264.6	253.6	11.0	2.2	7.1	6.1
1954	245.3	242.9	2.4	2.0	7.5	(3.1)
1955	256.5	247.1	9.4	2.0	7.5	3.9
1956	250.9	248.3	2.6	2.2	8.0	(3.2)
1957	244.7	237.2	7.5	2.3	8.4	1.4
1958	237.5	226.5	11.0	2.7	9.0	4.7
1959	234.4	230.0	4.4	2.8	9.0	(1.8)
1960	224.5	224.9	(0.4)	3.5	9.5	(6.4)
1961	218.1	207.4	10.7	3.3	10.9	3.1
FIVE YEAR AVERAGE 1957 to 1961	$231.8	$225.2	$ 6.6	$2.9	$ 9.3	$ 0.2
PERCENT INCREASE OR (DECREASE): FIVE YEAR AVERAGE 1957 TO 1961 OVER THE FIVE YEAR AVERAGE FOR THE FOLLOWING PERIODS:						
1925 to 1929	19%	34%	(75)%			
1930 to 1934	96	105	(21)			
1935 to 1939	106	107	69			

Note: Chicago and North Western Railway Company data includes Chicago and North Western Railway Company, Chicago, St. Paul, Minneapolis and Omaha Railway Company, Litchfield and Madison Railway Company and Minneapolis and St. Louis Railway Company.

Source: Annual Reports of the Chicago and North Western Railway Company, Chicago, St. Paul, Minneapolis and Omaha Railway Company, Litchfield and Madison Railway Company and Minneapolis and St. Louis Railway Company to the Interstate Commerce Commission.

Finance Docket No. 21478
Appendix N-11

COMM. NO.	TRAFFIC / COMMODITY	NORTHERN LINES ESTIMATES PER CENT	C.&N.W. ESTIMATES PER CENT
	NP FORWARDED		
15	Flour, wheat	20	50
85	Potatoes, other than sweet	20	50
411	Lumber	30	60
415	Veneer, plywood & built-up wood	30	60
653	Woodpulp	30	60
	NP OVERHEAD		
411	Lumber	15	30
653	Woodpulp	15	30
	GN FORWARDED		
15	Flour, wheat	15	50
85	Potatoes, other than sweet	15	50
411	Lumber	30	60
415	Veneer, plywood & built-up wood	30	60
653	Woodpulp	25	60
	GN OVERHEAD		
411	Lumber	15	30
415	Veneer, plywood & built-up wood	15	30

Finance Docket No. 21478
Appendix N-12

TABLE 1

COMPARISON OF ESTIMATED REVENUE LOSS TO THE C&NW AS SHOWN IN NORTHERN LINES' SUMMARY WORKING PAPERS AND AS CALCULATED FROM NORTHERN LINES' DETAIL WORKING PAPERS

(Before adjustments to 1960 levels and to net freight basis)

		(1) C&NW Loss as shown in Northern Lines' Summary Sheets	(2) C&NW Loss as Calculated from Northern Lines' Detail Sheets	(3) Percent Col. (2) of Col. (1)
		Great Northern		
(1)	Fw'd	$ 832,230	$ 796,430	
(2)	Rec'd	281,830	287,870	
(3)	Overhead	66,080	68,940	
(4)	Total Great Northern	$1,180,140	$1,153,240	97.7%
		Northern Pacific		
(5)	Fw'd		$ 754,710	
(6)	Rec'd		363,400	
(7)	Overhead		118,120	
(8)	Total Northern Pacific	$1,177,943	$1,236,230	104.9%
		CB&Q		
(9)	Fw'd	$ 30,300	$ 29,610	
(10)	Rec'd	7,790	8,430	
(11)	Overhead	23,752	22,930	
(12)	Total CB&Q	$ 61,842	$ 60,970	98.6%
(13)	GRAND TOTAL	$2,419,925	$2,450,440	101.3%

Column (1) taken directly from Northern Lines' summary working papers.

Column (2) taken from C&NW IBM deck which contained data punched in cards from Northern Lines' detail working papers. C&NW revenue for each abstract was multiplied by percentage loss estimate of Northern Lines for the class of traffic covered by the abstract.

TABLE 2

COMPARISON OF REVENUE LOSS TO C&NW AS ESTIMATED BY NORTHERN
LINES WITH REVENUE LOSS AS ESTIMATED BY C&NW
(Before adjustments to 1960 revenue levels and to net freight basis)

		(1) Revenue Loss to C&NW as Calculated by Northern Lines	(2) Revenue Loss to C&NW as Calculated by C&NW	(3) Difference
			Great Northern	
(1)	Fw'd	$ 832,230	$1,318,720	$ 486,490
(2)	Rec'd	281,830	287,870	6,040
(3)	Cross-line	66,080	87,470	21,390
(4)	Total Great Northern	$1,180,140	$1,694,060	$ 513,920
			Northern Pacific	
(5)	Fw'd	N.A.	$1,285,940	
(6)	Rec'd	N.A.	363,400	
(7)	Cross-line	N.A.	139,890	
(8)	Total Northern Pacific	$1,177,943	$1,789,230	$ 611,287
			CB&Q	
(9)	Fw'd	$ 30,300	$ 29,610	(690)
(10)	Rec'd	7,790	8,430	640
(11)	Cross-line	23,752	22,930	(822)
(12)	Total CB&Q	$ 61,842	$ 60,970	(872)
(13)	GRAND TOTAL	$2,419,925	$3,544,260	$1,124,335

Column (1) obtained from Table 1, Column (1).

Column (2) obtained from IBM machine runs to reflect C&NW revised percents.

Column (3) is Column (2) minus Column (1).

Table 3

ADJUSTMENT TO 1960 REVENUE LEVELS

(1) Revenue Loss to C&NW as Calculated by Northern Lines	(2) Revenue Loss to C&NW as Calculated by C&NW	(3) Percentage Factor Applied to 1955 Traffic
	Great Northern	
$1,346,866	$1,933,392	144.1277%
	Northern Pacific	
$1,326,713	$2,015,203	112.6296%
	CB&Q	
$ 68,026	67,067	110.00%
$2,741,605	$4,015,662	

Column (1) is obtained from Northern Lines working papers.
Column (2) is obtained by multiplying percentages shown in Column (3) by revenue estimates shown in Table 2, Column 2.
Column (3) Percentages shown are the same as those applied by the Northern Lines to adjust their 1955 estimates to 1960 revenue levels. Factors obtained from Northern Lines working papers.

Table 4

(1) Revenue Loss to C&NW as Calculated by Northern Lines	(2) Revenue Loss to C&NW as Calculated by C&NW	(3) Percentage Factor Applied to Obtain Net Freight Revenue Basis
	Great Northern	
$1,299,914	$1,865,917	96.51%
	Northern Pacific	
$1,312,557	$1,993,640	98.93%
	CB&Q	
$ 63,381	$ 62,486	93.17%
$2,675,852	$3,922,043	

Column (1) is obtained from Northern Lines working papers.
Column (2) is obtained by multiplying percentage shown in Column (3) by revenue estimates shown in Table 3, Column (2).
Column (3) Percentages shown are the same as those applied by Northern Lines to adjust gross freight revenue basis to net freight revenue basis. Factors obtained by calculations from Northern Lines working papers.

SELECTED STATISTICS

TABLE I

ORIGINS AND TERMINATIONS OF FLOUR, WHEAT (015) AS CARLOAD RAIL FREIGHT IN SELECTED STATES IN 1960

ORIGINS G.N. & N.P.	ALL STATES[a]	TERMINATIONS - CNW TERRITORY							
		ILL.	IOWA	MINN.	NEBR.	S.D.	WIS.	WYO.	TOTAL
Idaho	27	-	1	-	1	-	-	-	2
Minnesota	358	54	14	-	10	1	39	-	118
Montana	26	-	-	2	2	1	-	-	5
N. Dakota	38	8	2	5	-	1	8	-	24
Oregon	41	-	-	-	-	-	-	-	-
Washington	64	-	-	-	-	-	-	-	-
Wisconsin	33	9	-	1	-	-	-	-	10
Total	587	71	17	8	13	3	47	-	159

TABLE II

ORIGINS AND TERMINATIONS OF POTATOES, OTHER THAN SWEET (085) AS CARLOAD FREIGHT IN SELECTED STATES IN 1960

ORIGINS G.N. & N.P.	ALL STATES[a]	TERMINATIONS - CNW TERRITORY							
		ILL.	IOWA	MINN.	NEBR.	S.D.	WIS.	WYO.	TOTAL
Idaho	286	32	5	3	3	-	7	-	50
Minnesota	73	13	4	-	4	-	1	-	22
Montana	5	-	-	1	-	-	-	-	1
N. Dakota	135	43	14	16	3	-	3	-	79
Oregon	43	1	-	-	-	-	-	-	1
Washington	65	10	-	1	-	-	2	-	13
Wisconsin	9	5	-	-	-	-	-	-	5
Total	616	104	23	20	10	-	13	-	171

TABLE III

ORIGINS AND TERMINATIONS OF LUMBER, SHINGLES & LATH (411) AS CARLOAD FREIGHT IN SELECTED STATES IN 1960

ORIGINS G.N. & N.P.	ALL STATES[a]	TERMINATIONS - CNW TERRITORY							
		ILL.	IOWA	MINN.	NEBR.	S.D.	WIS.	WYO.	TOTAL
Idaho	354	29	27	44	14	-	23	1	138
Minnesota	161	23	12	-	1	-	17	-	53
Montana	206	16	12	64	2	2	7	-	103
N. Dakota	-	-	-	-	-	-	-	-	-
Oregon	1,544	124	45	77	35	7	59	9	356
Washington	554	35	20	104	12	1	18	2	192
Wisconsin	13	6	-	1	-	-	-	-	7
Total	2,832	233	116	290	64	10	124	12	849

a/ Excludes intrastate rail shipments

TABLE IV

ORIGINS AND TERMINATIONS OF VENEER & PLYWOOD (415) AS CARLOAD FREIGHT IN SELECTED STATES IN 1960

ORIGINS G.N. & N.P.	ALL STATES[a]	TERMINATIONS - CNW TERRITORY							
		ILL.	IOWA	MINN.	NEBR.	S.D.	WIS.	WYO.	TOTAL
Idaho	3	-	1	-	-	-	-	-	1
Minnesota	8	-	1	-	-	-	1	-	2
Montana	7	-	-	1	-	-	1	-	2
N. Dakota	-	-	-	-	-	-	-	-	-
Oregon	782	41	15	20	8	2	22	1	109
Washington	236	17	4	23	2	1	8	1	56
Wisconsin	16	1	1	1	-	-	-	-	3
Total	1,052	59	22	45	10	3	30	2	173

TABLE V

ORIGINS AND TERMINATIONS OF WOODPULP (653) AS CARLOAD FREIGHT IN SELECTED STATES IN 1960

ORIGINS G.N. & N.P.	ALL STATES[a]	TERMINATIONS - CNW TERRITORY							
		ILL.	IOWA	MINN.	NEBR.	S.D.	WIS.	WYO.	TOTAL
Idaho	-	-	-	-	-	-	-	-	-
Minnesota	-	-	-	-	-	-	-	-	-
Montana	-	-	-	-	-	-	-	-	-
N. Dakota	-	-	-	-	-	-	-	-	-
Oregon	18	-	-	-	-	-	5	-	5
Washington	140	4	6	2	-	-	13	-	25
Wisconsin	77	-	-	-	-	-	-	-	-
Total	235	4	6	2	-	-	18	-	30

a/ Excludes intrastate rail shipments.

SOURCE: Carload Waybill Statistics, Interstate Comm. Comm. - 1960. Freight Commodity Statistics for Class I Railroads in the United States.

APPENDIX O-1

INTERVENER RLEA'S PROPOSED CONDITIONS [A]

1. If as a result of the transactions herein authorized, hereafter referred to as the transaction, any employee of the applicants or other carrier or carriers by railroad affected by the transaction, is deprived of employment with said carriers, said employee, hereinafter referred to as a dismissed employee, shall be accorded a monthly dismissal allowance equivalent to one-twelfth of the compensation received by him in the last twelve months of his employment in which he earned compensation prior to the date on which he is first deprived of his employment as a result of this transaction. This allowance shall be made during the protective period to each dismissed employee while unemployed, provided, however, that no such allowance shall be paid to any employee who fails to accept employment with seniority rights at a point which does not require a change of residence if offered a position, the duties of which he is qualified to perform and for which he is eligible.

The dismissal allowance of any dismissed employee who is otherwise employed shall be reduced to the extent that his combined monthly earnings in such other employment, any benefits received under any unemployment insurance law, and his dismissal allowance exceed the amount upon which his dismissal allowance is based. Such employee, or his representative, and the carriers, should agree upon a procedure by which the carriers shall be currently informed of the wages earned by such employee in employment other than with the carriers, and the benefits received.

The dismissal allowance shall cease prior to the expiration of the protective period in the event of the failure of the employee without good cause to return to service after being notified by the carriers of a position, the duties of which he is qualified to perform and for which he is eligible, or in the event of his resignation, death, retirement or pension, or dismissal for good cause.

2. Any employee eligible to receive a dismissal allowance under Condition No. 1 hereof may, at his option and within 30 calendar days (excluding Saturdays, Sundays and legal holidays) following the date on which he is deprived of employment, resign and in lieu of all other benefits and protections provided in these conditions, accept in a lump sum a separation allowance determined in accordance with the following schedule:

Length of Service	Separation Allowance
1 year and less than 2 years	3 months' pay
2 years and less than 3 years	6 months' pay
3 years and less than 5 years	9 months' pay
5 years and over	12 months' pay

In the case of an employee with less than one year's service, five days' pay, at the rate of the position last occupied, for each month in which he performed service will be paid as the lump sum separation allowance.

3. No employee of the applicants or other carrier or carriers by railroad affected by the transaction authorized herein who is continued in service shall for the protective period as a result of the transaction be placed in a worse position with respect to compensation and rules governing working conditions than he occupied on the date on which the transaction is approved so long as he is unable in the normal exercise of his seniority rights under existing agreements, rules and practices to obtain a position producing compensation equal to or exceeding the compensation of the position held by him on the date on which the transaction is approved, provided the exerise of the employee's normal seniority rights to secure another available position does not require a change in residence.

Whenever an employee is displaced, that is placed in a worse position with respect to his compensation as a result of the transaction, and so long (during the protective period) as he is unable in the normal exercise of his normal seniority rights to obtain a position producing compensation equal to or exceeding the compensa-

tion of the position from which he was displaced, provided such available position would not require a change in residence, he shall be paid a monthly displacement allowance equal to the difference between the monthly compensation received by him in the position in which he is retained and the monthly compensation received by him in the position from which he was displaced. The latter compensation, referred to hereinafter as a "displacement allowance", shall be determined by dividing separately by 12 the total compensation received by the employee and the total time for which he was paid during the last 12 months preceding his displacement as a result of the transaction (thereby producing the average monthly compensation and the average monthly time paid for, which shall be the basic amounts upon which a displacement allowance shall be determined). If the displaced employee's compensation in his current position is less in any month in which he performs work then the aforesaid compensation he shall be paid the difference, less compensation for any time lost on account of voluntary absences to the extent that he is not available for service equivalent to his average monthly time, but he shall be compensated in addition thereto at the rate of the position filled for any time worked in excess of the average monthly time paid for; provided, however, that nothing herein shall operate to affect in any respect the retirement on pension or annuity rights and privileges in respect of any employee.

4. No employee affected by the transaction approved herein shall be deprived during the protective period of any incidents of his previous employment such as the benefits to which he may be entitled under the Railroad Retirement Act, supplemental pension plans, free transportation for himself and his family, life insurance, hospitalization and medical care (whether through a hospital association or an insurance plan), relief and all other incidents of his employment to which he may have been entitled prior to our approval of the transaction herein.

No employee shall be deprived of his vacation rights as a result of the transaction. Whenever an employee is

deprived of his employment and secures other employment, if his vacation rights in the new employment are less than those of his former employment with the carriers, he shall be paid by the carriers an amount equivalent to the difference in vacation time allowed in his new position and that to which he was entitled on his former position. Said amount to be determined in accordance with the provisions of Condition No. 1 hereof and in addition to any allowance provided by Condition No. 1.

5. In the event an employee is displaced to a position requiring expenditures of money for travel, meals, etc., which was not required of the employee in his former position, the carriers shall reimburse him for said expenditures during the protective period.

6. Any employee retained in the service of the applicants or other carriers by railroad affected by the transaction herein approved or who is later restored to service after being entitled to receive a dismissal allowance, and required to change the point of his employment as a result of the transaction, and within the protective period is required to move his place of residence, shall be reimbursed for all expenses of moving his household and other personal effects, for the traveling expenses of himself and his immediate family, and for his own actual wage loss, not to exceed two days, the exact extent of the responsibility of the carrier is to be agreed upon in advance by the said carriers and the employees affected or their representatives.

If any such employee is furloughed after changing his point of employment as a result of the transaction, and elects to move his place of residence back to his original point of employment, the carriers shall assume the expense of moving his household and other personal effects under the conditions imposed in the preceding paragraph of this Condition No. 6.

Changes in place of residence subsequent to the initial changes caused by the transaction, which do not result from the transaction but grow out of the normal exercise of seniority, shall not be considered as within the foregoing provisions of this condition.

7. In the event any dispute or controversy arises with respect to the protection afforded by these conditions or with respect to their interpretation, application, or enforcement, which cannot be settled by the carriers and the employee or his authorized representatives within 30 days after the dispute arises, it may be referred by either party to an arbitration committee for consideration and determination. Upon notice in writing served by one party on the other of intent by that party to refer the dispute or controversy to an arbitration committee, each party shall, within 10 days, select one member of the arbitration committee and the two members thus chosen shall select a third member who shall serve as chairman. Should the two members be unable to agree upon the appointment of the third member within 10 days, the parties shall then within an additional 10 days agree to a method by which a third, or neutral, member shall be appointed. The decision of the majority of the arbitration committee shall be final, binding and conclusive. The salaries and expenses of the third member shall be borne equally by the parties to the proceeding and all other expenses shall be paid by the party incurring them. This Condition No. 7 shall be applicable to all matters arising with respect to the foregoing Conditions Nos. 1, 2, 3, 4, 5 and 6.

In proceedings arising under this Condition No. 7, the employees shall have the burden of establishing a *prima facie* case. The carrier then shall have the burden of proving that the employee was affected as the result of circumstances unconnected with the transaction.

8. (a) The following conditions shall apply, to the extent applicable in each instance, to any employee who is retained in the service of any of the carriers (or who is later restored to service after being entitled to receive a dismissal allowance), who is required or elects to change the point of his employment within the protective period as a result of the transaction herein approved and is therefore required to make a change of residence:

1. If the employee owns his own home in the locality from which he is required to move, he shall at his option be reimbursed by the merged carrier for any loss suf-

fered in the sale of his home for less than its fair value. In each case the fair value of the home in question shall be determined as of a date sufficiently prior to the filing of the applications by the applicants herein, to be unaffected by the filing of said applications. The merged carrier shall in each instance be afforded an opportunity to purchase the home at such fair value before it is sold by the employee to any other person.

2. If the employee is under a contract to purchase his home, the merged carrier shall protect him against loss to the extent of the fair value of any equity he may have in the home and in addition shall relieve him from any further obligation under the contract.

3. If the employee holds an unexpired lease of a dwelling occupied by him as his home, the merged carrier shall protect him from all loss and costs in securing the cancellation of his said lease.

(b) Changes in place of residence subsequent to the initial change caused by the consummation of the transaction herein approved and which grow out of the normal exercise of seniority in accordance with the working agreements and do not result from actions taken by the merged carrier as a result of the transaction, are not comprehended within the provisions of this Condition.

(c) No claim for loss shall be paid under the provisions of this Condition No. 8 which are not presented within one year after the date the employee is required to move.

(d) Should a controversy arise with respect to the value of the home, the loss sustained in its sale, the loss under a contract for purchase, loss and costs in securing termination of a lease, or any other question in connection with these matters shall be decided through joint conference between the representatives of the employees and the carrier on whose line the controversy arises and in the event they are unable to agree, the dispute may be referred by either party to a board of three competent real estate appraisers, selected in the following manner: One to be selected by the representatives of the employees and one by the carrier, and these two shall endeavor by agreement within 10 days after their appointment to

select a third appraiser, or to select some person authorized to name the third appraiser. A decision of a majority of the appraisers shall be required and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expense of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the compensation of the appraiser selected by such party.

(e) In those instances comprehended by this Condition No. 8, where an employee is required to move his place of residence and desires to purchase a home or lease a dwelling to be occupied by him as his home at his new point of employment, the fair value of the new home or lease shall be determined as of a date sufficiently prior to the filing of the applications as to the interpretation or application of the protection afforded by this subparagraph (e) shall be resolved in accordance with the procedures set forth in subparagraph (d) of this Condition No. 8.

9. If any carrier shall have rearranged or adjusted its forces in anticipation of approval of this transaction, with the purpose or effect of depriving an employee of benefits to which he should be entitled under these conditions as an employee affected by the transaction, these conditions shall apply to such employees as of the date when he was so affected.

10. When the merged carrier contemplates taking action as a result of the transaction which will result in the dismissal, displacement or transfer of employees, it shall give at least 90 days written notice of such intended action by posting a notice on bulletin boards convenient to the interested employees of such carrier and by sending by registered mail notice to the representatives of such employees. Such notice shall contain a full and adequate statement of the proposed changes to be effected, including an estimate of the number of employees in each class affected by the intended changes. The date and place of a conference between representatives of all the parties interested in such intended changes for the purpose of reaching agreements with respect to the ap-

plication thereto of these conditions, shall be agreed upon within 10 days after receipt of said notice and conferences shall commence within 30 days from the date of said notice.

11. (a) The term "affected" as used herein shall be understood in its ordinary sense indicating the production of an effect.

(b) The term "deprived of employment" as used herein shall be understood as meaning the abolishment of a position and the inability of the incumbent thereof to secure another position by the exercise of seniority rights or the loss of a position by an incumbent as a result of the exercise of seniority rights by another employee, if the incumbent is unable by the exercise of his seniority rights to secure another position.

(c) The term "as a result of the transaction" shall be understood in its ordinary sense indicating an effect or consequence of or as proceeding, arising or springing from the transaction approved.

(d) The term "protective period" shall be that period of time from the date on which an employee is affected to the expiration of four years therefrom, provided, however, that with respect to individual employees, such period shall not continue for a longer time following the effective date of our order than the period during which the particular employee concerned was in the employ of the carriers prior to the effective date of our order.

(e) A "change in residence" shall be deemed to occur only if the point to which the employee is required to transfer increases the distance from his former home to the point of his former position by more than 10 straight line miles.

APPENDIX O-2

FAIR AND EQUITABLE PROTECTION [B]

A. On the effective date of our order herein the merged carrier shall take into its employment all employees of the carriers from which the merged carrier results.

B. No employee of the predecessor carriers who was actively employed on the date of the filing of the application herein shall be deprived of employment or placed in a worse position with respect to compensation at any time during his employment because of the merger approved herein or because of any program of economies resulting from the merger; provided however, that the representatives of the employees and the merged carrier may agree, pursuant to authority granted by the third sentence of Section 5(2)(f), to methods combining the work forces of the merged carrier which may result in the recall of presently furloughed employees and the furlough of a presently active employee in which event the latter employee shall be entitled to the protections set forth in Appendix A. [O-1]

C. All disputes regarding the interpretation, application or enforcement of the provisions of paragraphs A and B shall be resolved in accordance with the procedures set forth in Condition No. 7 of Appendix A. [O-1]

F-9351

INTERSTATE COMMERCE COMMISSION

Finance Docket No. 21478[1]

GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC.—MERGER, ETC.—GREAT NORTHERN RAILWAY COMPANY, ET AL.

Decided March 31, 1966

Upon consideration of the record, and of petitions (embraced in exception to the report and recommended order of the hearing examiner) of the Department of Justice, the State of Minnesota Railroad and Warehouse Commission, the Public Utilities Commissioner of Oregon, and the State of Washington, for rehearing, found that a full and fair hearing was afforded parties to the proceedings. Petitions denied.

Appearances as shown in companion report.

REPORT OF THE COMMISSION ON PETITIONS FOR REHEARING

WALRATH, *Commissioner:*

By report and order served concurrently herewith, the merits of these proceedings are being considered. Directly related thereto are preliminary matters raised by the Department of Justice (Department), State of Minnesota Railroad and Warehouse Commission (Minnesota), the State of Washington (Washington), and the Public Utility Commissioner of Oregon (Oregon), that they have been deprived of a full and fair hearing to

[1] Embraces Finance Docket No. 21479, Chicago, Burlington & Quincy Railroad Company, et al.—Stock Issuance, etc., and Finance Docket No. 21480, Great Northern Pacific and Burlington Lines, Inc., et al.—Construction and Abandonment.

which they are entitled. The first three allege the examiner was biased and prejudiced against interveners who oppose the application in whole or in part (hereinafter "the opponents"), and that bias was displayed frequently in his conduct of the hearings, and in statements in his report. They, with Oregon, therefore urge the applications either be denied, or the matter be heard *de novo*.[2] These allegations, raised on brief and on exceptions shall, for convenience in this report, be treated as petitions for rehearing. The significance of these allegations is readily apparent because, if substantiated, they would seariously compromise the entire proceeding.

"Bias" is defined[3] as a propensity, or prepossession of a view not leaving the mind indifferent; and "prejudice" as preconceived judgment or opinion. Both definitions relate to a state of mind or mental attitude, and as such are difficult of ascertainment, and still more difficult to establish by proof. Inevitably, errors of judgment may occur in any case but especially in long and vigorously contested proceedings, and parties presenting more controversial questions requiring bench rulings will in the long run encounter more subject to question than those whose case does not call for so many such decisions. Errors of this nature seldom constitute bias.

To clarify consideration of the question raised by the pleadings, a chronological recitation of certain events which occurred before and during the hearing will be helpful. On September 1, 1961, Minnesota filed a peti-

[2] To a limited extent, later explained, counsel representing Livingston Anti-Merger Committee (Anti-Merger Committee), charged the examiner on brief with possible "prejudgment." And in its exceptions, the State of Montana urges that it was denied fair participation in the hearings because of limited time to prepare for cross-examination of certain witnesses. Montana timely brought this matter to the attention of the Commission, but Division 3, Acting as an Appellate Division denied any extension of time. Although Montana failed to preserve this question by not raising it on brief, we nonetheless have considered it, and think the preparation time for cross-examination was adequate and find no basis for rehearing on that ground.

[3] Webster's New International Dictionary, unabridged, 2nd edition.

tion asking dismissal of the applications, or in the alternative a postponement of the first hearing, then scheduled for September 19, 1961, to May 1, 1962, or later. On September 5, Montana filed a similar petition asking for postponement and also requesting the hearings be held "before a joint board of examiners composed of representatives from the regulatory bodies of the States affected by the application, and of a like number of members or representatives from the Interstate Commerce Commission." By order dated September 8, 1961, division 3 denied both of these petitions, except to the extent that the initial hearing was postponed to October 10, 1961.

On September 25, Minnesota requested reconsideration of the order of September 8. Again it requested that the first hearing be held not sooner than May 1, 1962, and in this petition urged that a joint board composed of representatives of several of the States involved conduct the hearings, or as an alternative, that such a Board sit with the Interstate Commerce Commission. By order of division 3 dated October 5, 1961, the petition of Minnesota for reconsideration was denied. That order said in part * * * "assignment of hearing in these proceedings before a joint or cooperative board does not appear desirable and in the interest of orderly and expeditious procedure* * *."

On June 15, 1962,[4] Chairman Paul A. Rasmussen of the Railroad and Warehouse Commission of Minnesota appeared before a subcommittee of the United States Senate, which had under consideration legislation in respect of railroad mergers. (Hearings, 87th Congress, 2d Session, pursuant to S. Res. 258 on S. 3097.) Mr. Rasmussen stated he had attended and observed, but not participated in, the hearings in this proceeding, including the session in Seattle, Wash. He said, at page 241 of the subcommittee report of the hearing:

> While in Seattle, I called a meeting in one of the hotels on Tuesday evening, April 3, in an effort to

[4] By this date, page 13032 of the transcript had been reached. Hearings closed on July 10, 1962, at page 15004 of the transcript.

coordinate the activities of the eight States involved as protestants. There were commissioners from six States represented at this meeting, together with their attorneys and staff members, and it was the consensus of all present that the examiner was so prejudiced and biased that we discussed whether or not this fact should be definitely placed in the record at that time or if it should be discussed and considered at the time that briefs were filed. It was decided to wait because if it were called to this (sic) attention at that time, it might result in causing him to change his tactics and techniques. The proceeding has progressed so far now that there is no way in which this examiner can rectify what he has already done in this proceeding.

At the time this meeting in Seattle was held, the transcript had reached page 6392. Also before the subcommittee, Mr. Rasmussen charged that the examiner had conducted hearings in this case in an "unorthodox, arbitrary, and biased manner," thus confirming his "apprehension in connection with delegating such an important responsibility to one examiner." He said further that he had pleaded with the Department of Justice to participate in this case, and that the Department had "entered the proceeding in Seattle," just a few days before the April 3 hotel meeting above mentioned.[5]

Although Mr. Rasmussen stated that he, as well as certain parties to the proceeding were, as of the April 3 meeting, of the view that the examiner was biased and prejudiced, these matters were not called to our attention until long after the close of the hearings. No party has moved the disqualification of the hearing officer nor have affidavits of personal bias concerning the examiner's conduct of the hearings ever been filed, notwithstanding the provisions of section 7(a) of the Administrative Procedure Act that such shall be the manner in which the alleged disqualification of the examiner

[5] The Department first appeared on the 29th day of hearing, March 19, 1962.

shall be brought to the attention of the Commission. And yet, despite the obvious tardiness of the parties in calling this matter to our attention, we nonetheless will comprehensively search for the facts.

Turning next to the pleadings, we consider first the position of the Anti-Merger Committee. This intervener takes no position on brief suggesting the examiner displayed bias against it. Its statement on brief that "the ruling indicates possible prejudgment by the examiner of the jurisdictional issue" is advanced merely as a ground that the examiner was in error in declining to receive exhibit 210 in evidence. That document was the prepared statement of Witness Lishman, who is an attorney. Upon objection the examiner declined to receive it in evidence on the ground that it was a legal argument which should be submitted on brief.

The Anti-Merger Committee argues that exhibit 210 should have been received to contradict earlier testimony of applicants' Witness Macfarlane on the same general subject. Following the suggestion of the examiner, the Committee submitted on brief substantially all of the data tendered in exhibit 210. The examiner discussed this subject at length in his report.[6]

In its exceptions the Anti-Merger Committee makes several severe criticisms of the examiner, and therein uses for the first time the words "bias" and "biased". These charges are clearly addressed to the examiner's report, rather than to his conduct of the hearing. It must be borne in mind that the examiner's view is advisory only. The Commission itself ultimately and independently makes its findings based on the record, not on the report of the examiner. This challenge of bias in the report itself will not make out a case for rehearing, where as here, the record is complete.

---

[6] Nevertheless, the Department, as later shown, undertakes to prove unfair and different treatment in the rejection of exhibit 210 by the examiner, as compared with the receipt in evidence of certain testimony of Witness Macfarlane for applicants, even though the Committee never contended Macfarlane's testimony should not have been received.

Considering next the allegations of the Department, it does not use the word "bias" as attaching to the action or attitude of the examiner until it filed exceptions, but its allegation on brief concerning the actions of the examiner which supposedly deprived the opponents of a fair hearing amounted to charges of bias and prejudice. The brief of the Department is extraordinary. It makes charges of unfair treatment by the examiner of counsel for other opponents, or of witnesses placed on the stand by the latter, when the counsel directly concerned have made no similar charge.[7] No explanation is offered for this assumption of the burden of others, nor is it apparent why those counsel more immediately concerned were unable to perceive the purported errors alleged by the Department. The Department's brief contains 69 references to the record[8] (some repeated for different purposes) in connection with assignments of procedural errors to the examiner at the hearing.

Minnesota advances 7 grounds to support its claim that it was denied fair hearing. Two relate to the initial denial by the examiner of permission to opponents to cross-examine Milwaukee Railroad witnesses and witnesses for the Northern Pacific Stockholders' Protective Committee. The examiner promptly reversed his initial rulings in both instances, and full cross-examination was had. These points have no status as bearing upon a fair hearing, as the final rulings favorable to the complaining counsel rectified completely the alleged errors. Another contention is that the examiner erroneously permitted applicants to introduce direct evidence concern-

---

[7] We have already mentioned such a situation with respect to Witness Lishman. Another concerns Witness Williams of the Spokane Anti-Merger Association. He was examined on the stand by his own counsel, and was questioned at length by the examiner. After failing to raise any question of fair hearing on brief, this intervener complained on exceptions about the examiner's conduct, and urged that it had not received a fair hearing. The Department, however, complained strongly, on brief, about the questioning of this witness.

[8] Not including 3 erroneous and misplaced references with respect to the application of rule 1.82 of our Rules of Practice.

ing motor truck subsidiaries after the direct case for applicants had been completed.[9]

Washington complains that insufficient time was allowed to prepare for the initial cross-examination of applicants' first witnesses; and for review of the rebuttal evidence of applicants by its counsel. Rejection of certain evidence of Washington's witness Burns in the form of answers to a questionnaire is assigned as error, and as different treatment of this intervener than that accorded applicants. Additionally it complains of erroneous acceptance of certain rebuttal evidence and improper interference by the examiner.

The contentions of Oregon that it has not received full and fair hearing do not relate to the actions of the examiner, except as to his participation in the assignments of time for preparation of the case by the opponents. A second error assigned in respect of failure to provide full hearing is that such hearing required assignment by this Commission of members of its staff for full participation in the hearings. This second point is clearly without merit. *Broth. of Maint. of Way Employees* v. *United States*, 221 F. Supp. 19, (1963), affirmed *per curiam*, 375 U.S. 216 (1963), sustaining *Chesapeake & O. Ry. Co.—Control—Baltimore & O. R. Co.*, 317 I.C.C. 261 (1962).

The above-mentioned allegations of error will be discussed under headings descriptive of the grounds advanced by the several interveners, followed by the names in parentheses of the interveners relying on such allegations.

Acceptance, over objection, of cumulative testimony (Department, Minnesota).—The admission of cumulative evidence normally is not considered fatal error in the

[9] The last can be disposed of readily. Cross-examination of the first and principal witnesses for applicants was commenced for convenience and expedition of the proceeding before applicants had completed their direct testimony. These procedures set up by the examiner were entirely reasonable. A statement by one of the counsel for applicants on the record would indicate that all of its testimony had been presented earlier, but counsel for Minnesota is mistaken in concluding that applicants had no right to present further evidence in chief after the first hearing.

conduct of a hearing. However, such an objection might assume importance if it were established that one side had been treated in a manner substantially different from the other in the admission of cumulative evidence. Here, however, except for general statements that such was the case, neither the Department nor Minnesota cites any example of different treatment in this area, as between the applicants' witnesses and those for the opponents. Moreover, in open discussion on record, the examiner spelled out what he considered to be cumulative evidence and what he did not so consider, first for counsel for Minnesota (Tr. 9409-9410)[10] and then for counsel for the Department (Tr. 11407-11415); and the latter, by request of the examiner, gave his differing concept (Tr. 11411). The examiner followed his stated policies in making all rulings called to our attention. The two counsel continued to object on the basis of their own views, and undertook to cross-examine the witnesses completely whenever their objections were overruled.

Such open and direct dealings on the record in the matter of cumulative evidence could hardly conceal some hidden bias of the examiner. If the stated policy of the examiner had been erroneous to a damaging degree, any party had the right to make, and should have made, immediate appeal to the Commission. No appeal was taken.

Out of a total of 101 assignments of error[11] in the Department and Minnesota briefs, the 56 which were directed to the matter of cumulative evidence find no support in the record to indicate bias or discrimination on the part of the examiner. Moreover, the objections of these two parties fail to reveal how the examiner's admission of what they deemed to be cumulative testimony prejudiced them.

Acceptance of improper rebuttal evidence (Department, Minnesota, Washington).—A trial officer may exercise

---

[10] References relate to pages in the transcript of testimony.

[11] Not including those already disposed of, or those relating to granting sufficient time to the opponents for preparation.

wide discretion in the admission of rebuttal evidence. *Goldsby* v. *United States*, 160 U.S. 70, 74 (1895); and *Diehl* v. *United States*, 98 F. 2d 545, 548 (1938). In this light, the area of inquiry is narrowed to whether that discretion was abused.

Interestingly, the counsel for these intereveners, after objecting to admission of all of the rebuttal evidence, reserved time for later cross-examination of the witnesses on such testimony. However, they failed to appear[12] at the hearing scheduled for such cross-examination.

Counsel urging these objections did not request any opportunity to submit surrebuttal testimony, nor do they now maintain that any evidence submitted by applicants on rebuttal either took them by surprise, or related to entirely new matter. Their statement that certain "opponents requested that they be allowed to meet this additional evidence" could refer only to such a request from two intervening railroads which had requested that conditions be attached to any authorization of a merger. Although that request for surrebuttal was denied, the rebuttal evidence anticipated by these two railroads from the applicants never materialized.

As the record now stands, no request for further opportunity to meet evidence actually introduced in rebuttal by applicants was denied. Acceptance by the examiner of the rebuttal evidence is not shown to have been an abuse of his discretion.

Alleged erroneous and inconsistent rulings on hearsay testimony (Department, Washington).—On brief, interveners misstate the rulings of the examiner in their charge that he operated under a "double standard" favorable to applicants. Both state that "over objections" Governor Erbe of Iowa was permitted to testify for applicants as to the contents of 48 letters and telegrams.

---

[12] It appears that the portion of the rebuttal testimony in which these three counsel had indicated direct interest was confined to matters of car supply. Other rebuttal testimony was directed to the evidence offered by a minority group of Northern Pacific stockholders, and certain conditions proposed by the Milwaukee Railroad and the Chicago and Northwestern.

But no objection [13] whatever was made to his oral testimony. In hearings before Federal administrative agencies, if hearsay evidence is admitted without objection it is to be considered and accorded its natural probative effect. *Opp Cotton Mills* v. *Administrator*, 312 U.S. 126, (1941) at page 155, and cases there cited; and *Rowland* v. *St. Louis & S. F. R. Co.*, 244 U.S. 106 (1917), at page 180.

Furthermore, in his report, page 17, the examiner concluded to decline to accept and consider the testimony of Governor Erbe because the authors of the communications in question were not present for cross-examination. Counsel for Washington nonethless still insists on exceptions that this error "cannot be erased from the mind of the examiner." Counsel, however, are advised that the weight, if any, to be accorded that evidence, and for that matter all the evidence of record, is now before us for determinination, not before the examiner.

More important, in the case of the three witnesses alleged to have been the subject of a "different treatment" under the hearsay rule (Witness Getting, Szarkowski and Burns), seasonable objection was made in each instance by opposing counsel, and each was sustained. Thus we find no "double standard" in these rulings of the examiner.

Both interveners also argue that exhibits 179 and 180 of Witness Burns should have been received by the examiner under a recognized exception to the hearsay rule. As a rate expert of the Washington Utilities and Transportation Commission, he had prepared and mailed to 196 shippers a questionnaire concerning this proposed merger. Of the 72 shippers responding, 51 replies were said to be usable. Exhibit 179 was an explanation of the procedures of the witness, and exhibit 180 contained answers to the questionnaire. It may be noted that 13 of the firms which filed such replies had already given oral testimony herein through authorized witnesses. There

[13] The only objection made in connection with Governor Erbe's testimony was *sustained* by the examiner; namely, an objection by the opponents against receiving in evidence said letters and telegrams themselves.

is precedent for acceptance in our proceedings of exhibits based on returns to questionnaires prepared and explained by an expert. *West Coast Trans-Oceanic S. S. Line Com. Car. Application*, 285 I.C.C. 381, 383, (1953); *Paper Wrappers from St. Louis, Mo. to Louisville, Ky.*, 63 M.C.C. 422, 424 (1954); *United States* v. *National Homes Corporation*, 196 F. Supp. 370, (1961). Nonetheless the weight of authority requires that upon proper objection, exhibits based on returns to questionnaires be not admitted in evidence, because of the resulting lack of opportunity to cross-examine the parties furnishing the answers. *Somerset Bus Co., Inc., Extension—Somerville—New York*, 43 M.C.C. 543, 547 (1944); *Regulations for Payment of Rates and Charges*, 310 I.C.C. 391, 392 (1960); *Washington, D. C. Commercial Zone*, 83 M.C.C. 471, 473 (1960); *Oregon-Nev.-Calif. Fast Freight Inc., Ext.—San Jose*, 71 M.C.C. 165, 170 (1957); *Public Service Interstate Transp. Co.—Bergen Turnpike*, 43 M.C.C. 599, 607 (1944). Here, again, we find no basis to the charge of unequal treatment favorable to applicants.

Alleged "double standard" as to receiving legal argument in evidence (Department).—We have heretofore described the situation as to rejection of a statement of Witness Lishman. The Department, but not counsel for Witness Lishman maintains there was discriminatory treatment between the parties because the examiner earlier received in evidence a statement of Witness Macfarlane on substantially the same subject as Witness Lishman's proffered testimony. The complete answer to this contention is that there was no objection to this redirect testimony of Witness Macfarlane, which related to matters first raised on cross-examination. It therefore, for reasons shown above, is to be given its natural probative effect. In contrast, there was objection to the Lishman proffer of his statement, and the examiner properly sustained that objection.

Alleged failure to apply rule 1.82 of the Rules of Practice (Department).—In his rebuttal testimony, in order to support an opinion expressed earlier, Witness Wyer submitted the results of a train control study he had

made in another merger proceeding. When counsel for the Department discovered, upon inquiry, that the study had been submitted in evidence in another proceeding, he objected thereto because it had not been submitted as required by rule 1.82 of our General Rules of Practice. The examiner overruled the objection. We agree with his ruling. Rule 1.82 has no application to the testimony of a witness who again testifies from his own knowledge and is ready to stand cross-examination on such testimony.

Alleged unreasonable restriction on opposition counsels' cross-examination (Minnesota, Washington, Department).—A total of 19 instances of this error by the examiner is alleged. Two are on behalf of counsel for other opponents who did not themselves choose to allege error on this ground. In 12 instances the examiner ruled upon an objection from opposing counsel, and in 7 instances the examiner himself intervened, usually to inquire whether the record supported the underlying basis for the question asked by counsel. In only four instances does it appear that the examiner was instrumental in causing counsel for the opponents to end their cross-examination. These were as follows:

(1) Counsel for an opponent (not here complaining) was requested by the examiner to confine himself to one more illustration of delay in trains, with the comment that this counsel had been given a half hour more time to question than the others, and that it was then almost 6 p.m.

(2) After asking questions on cross-examination covering nine pages of transcript, counsel for an opponent asked a question as to which the examiner sustained an objection. Counsel: "I certainly take exception to the ruling. That is all; no more questions."

(3) After seven pages of his cross-examination, the examiner sustained an objection to a question of counsel for an opponent on the ground that it contained "mischaracterization of the record." Counsel thereupon stated that he would "just stop cross-examination on that score."

(4) After counsel for an opponent had asked questions covering 35 pages of the transcript, he stated during a discussion that he did not believe that his client was being fairly treated by the examiner. Examiner: "I said that line is exhausted." Counsel: "You have exhausted me, too. That is all I have."

We have examined each of the instances cited under this heading by counsel, and find no prejudicial treatment of the opponents by the examiner. The examiner is authorized and required by rule 1.70 of our rules to regulate [14] the course of the hearing. In so doing he not only has the right, but the duty of clarifying the record by means of interrogating witnesses and counsel as required. Indeed, where the issue is consistency with the public interest, as here, the examiner has a separate duty to the public that the facts be clearly and completely presented to the Commission for decision.

Examiner questions witness Williams on and off the record (Department).—This witness, a full-time employee of the Northern Pacific Railroad, testified as the president of the Spokane Anti-Merger Association. In addition to witness Williams, the position of his Association was supported by the testimony of another member of the Association and of six other witnesses. Also, it was stipulated that 14 additional witnesses who were present would, if questioned, respond substantially as those who had testified.

Going off the record, the examiner further questioned witness Williams, and we accept as reasonably accurate the following statement of what transpired, from page 198 of the Department brief:

While "off the record" at his direction the examiner continued in the above vein his vigorous and heated cross-examination of the witness seeking unsuccessfully to make him admit that the only interest which his organization had was to preserve railroad jobs now existing. The court reporter at the direction of the examiner took down none of the

[14] See also section 7(b) of the Administrative Procedure Act.

"off the record" questioning by the examiner or his remarks relating thereto.

The Department incorporated in its brief two newspaper articles discussing the hearing, and the situation in respect of witness Williams in particular. Affidavits from counsel for the Department, for Minnesota, and for Washington that said newspaper articles were accurate statements of the events which occurred were also included. Examination of these newspaper items shows that they report happenings both on and off the record without distinction. While they do not provide any pertinent details of substance which are not already of record, they do nonetheless plainly underscore the "verbal clash" between the examiner and counsel.

Counsel for the Department offered at the hearing a motion, joined by counsel for Minnesota and Washington, that the examiner's questions and remarks off the record in connection with witness Williams be made a part of the record, together with a notation that these interveners had objected to the entire procedure. The examiner declined to act upon this motion. This is assigned as substantial error by the Department. This action of the examiner could not constitute prejudicial error, as we have found that the record adequately reflects the position of the Association.

The examination of witness Williams by the examiner was unnecessarily prolonged and unduly "heated", to use the word of counsel. It amounted to an attempt to break down the stated position of the witness on the record. We do not condone the actions of the examiner in the prolonged questioning on and off the record of this witness. Nevertheless, the evidence sought to be adduced by such questioning pales in importance as compared with the record as a whole. On balance, we conclude that the examiner's treatment of this witness, albeit harsh, does not establish bias or prejudice on the part of the examiner against the opponents.

Affidavits tendered by Department in exceptions.— These exceptions contain two affidavits "executed at the request of the Department of Justice" on November 5, 1964. The affiants report purported separate conversa-

tions held by them with the examiner after the close of a session of the hearing held at St. Paul on January 23, 1962.

In speaking with the examiner, affiant Curran, an official of a rail brotherhood of the Great Northern Railroad, advised him that the Spokane Anti-Merger Association would have 33 witnesses to testify at Spokane. When the examiner was told of the identity and proposed testimony of the Spokane witnesses, affiant states the examiner expressed the view that so-called public witnesses could not contradict applicants' witnesses who were authorities in the transportation field, because of lack of knowledge of transportation by the former; that these railroads should merge to avoid the financial difficulties which New England railroads had already encountered; that he did not propose to listen to large quantities of repetitive testimony from public witnesses; that truck lines had benefited from past mergers; and finally, that in five or six different ways and in extravagant terms, the examiner stated his belief that witnesses for applicants were so well qualified that their views should be respected by everyone.

The statement of affiant Levin corroborates the above conversation to the extent that the examiner was heard to question the value of the time to be consumed to hear 30 public witnesses, and comment on the lack of ability of such witnesses to disprove evidence of expert witnesses for applicants.

The affiants are officials of separate brotherhoods of railroad employees. Each testified in this case some 5 months after the conversations in question occurred. Both strongly oppose the entire merger plan because they believe it will result in loss of employment and other inconveniences to their members.

As noted, the affidavits first came to light in the exceptions of the Department. They refer to conversations of nearly 3 years earlier, and they are submitted by the Department, not by the party on whose behalf the witnesses appeared. Delay in bringing this material to our attention is explained by the Department: "The conversations recounted in the affidavits came to our attention only following issuance of the examiner's report and

while our exceptions were under preparation." (See Department's Exceptions, page 7.) At oral argument counsel for the labor interests stated that the first he knew of the contents of the affidavits was when he read the exceptions of the Department. Curiously then, labor counsel's own witnesses never brought these conversations to his attention, even though these same witnesses later testified on the record under the auspices of this counsel.

In our consideration of this matter, we have, despite the odd circumstances surrounding its presentation, viewed it in a light most favorable to the opponents, for we have assumed the affidavits to be accurate. Seen from that point though, the affidavits do not disclose a prejudicial bias as to require disqualification of the examiner. Coming, as they did, at a time when only applicants had submitted their case, his comments would not indicate that the examiner had so inevitably made up his mind to approve the proposed transactions that he could not be persuaded otherwise by evidence of those opposing the merger.

Admittedly, extra-record conversations of this nature are ill-advised. But we do not believe the examiner prejudged the case. It is unnecessary, therefore, to conduct any further proceedings to determine whether the alleged off-the-record remarks were made, for the parties were afforded a full and fair hearing and suffered no prejudicial error.

CONCLUSIONS

The right to a fair hearing is fundamental to the decisional process. That right comprehends that each of the parties shall be accorded reasonable opportunity to present its case fully and completely. With these precepts in mind, we have made a searching examination of the record to determine whether there was any substance to the charges leveled against the examiner. As our report herein plainly shows, we are convinced, beyond doubt, that the conduct of our examiner and the record developed satisfy the requirements of fairness and impartiality towards all the litigants. Indeed, we deplore the lack of appreciation shown by critics of the examiner for his demanding assignment in this bitterly contested and protracted proceeding.

Our view that the conduct of the hearings was fair is shared by diverse parties. For instance, the labor intervener in opposition indicated at oral argument that any inadequacies in the record were applicants', not the examiner's. Counsel felt there was adequate information, apart from the impact on other railroads, for us to make a decision. The Milwaukee, a party with a tremendous stake in the applications, at oral argument stated unqualifiedly that it received a fair hearing, with ample time to prepare and present its case. Even Minnesota, a party loud and clear in its criticism of the examiner, indicated at oral argument that it could live "* * * with the treatment through the case * * *" although not with the report.

We are told the examiner's partiality is betrayed by the report itself. We find no support for the charges. True, the findings in the report are generally adverse to the opponents. But the report of the facts and the recommendation of the hearing examiner have been the subject of exceptions and criticized on oral argument. These, we, the Commission, must now weigh. The examiner's responsibility has terminated; the final decision is ours.

On the question of whether there was a fair hearing, the opponents have searched the record and called our attention to every act or omission of the examiner which they believed would indicate bias or prejudice on his part. We have analyzed closely each of their assignments of error. In so doing, we have weighed their cumulative, as well as their individual, effect. From this analysis we conclude that the charges of personal bias and prejudice against the examiner, and other allegations of denial of a fair hearing in these proceedings, are baseless and reckless. The request for rehearing will be denied.

FINDINGS

We find that a full and fair hearing wholly within the requirements of fundamental law was accorded all parties, that the allegations of bias and prejudice are lacking in merit, and that the requests for rehearing should be denied.

An appropriate order will be entered.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, PLAINTIFF

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS

COMPLAINT

Plaintiff, the United States of America, by its attorneys, acting under the direction of the Attorney General of the United States, for its complaint against defendants, alleges:

I

This is an action to enjoin, annul and set aside orders of the Interstate Commerce Commission (hereinafter referred to as the Commission) dated November 30, 1967, and April 11, 1968, entered in administrative proceedings identified as Finance Docket No. 21478, *Great Northern Pacific and Burlington Lines, Inc.—Merger, Etc.—Great Northern Railway Company, et al.*, Finance Docket No. 21479, *Chicago, Burlington and Quincy Railroad Company, et al.—Stock Issuance, Etc.*, and Finance Docket No. 21480, *Great Northern Pacific and Burlington Lines, Inc., et al.—Construction and Abandonment.*

II

The United States Department of Justice and the United States Department of Agriculture were intervenors in the proceedings before the Commission out of which the present action arises.

III

The jurisdiction and venue of this Court to hear the complaint and grant the relief requested herein are estab-

lished by 28 U.S.C. §§ 1336, 1398, 2284, and 2321 through 2325, inclusive, and 5 U.S.C. § 701.

IV

The United States of America is named a defendant in this action pursuant to 28 U.S.C. § 2322.

V

The administrative proceedings out of which this action arises were initiated by joint application of Great Northern Railway Company (Great Northern), Northern Pacific Railway Company (Northern Pacific), Pacific Coast Railroad Company (Pacific Coast), Chicago, Burlington, and Quincy Railroad Company (Burlington), and Spokane, Portland and Seattle Railway Company (SP&S), common carriers by railroad subject to Part I of the Interstate Commerce Act (hereinafter referred to as the Act), and Great Northern Pacific and Burlington Lines, Inc. (New Company), not a carrier. In these applications authority was sought under § 5(2) of the Act for the merger of Great Northern, Northern Pacific, Pacific Coast, and Burlington into New Company, and the lease by the latter of SP&S together with the acquisition of control of subsidiaries. Authority was also sought under § 20a of the Act for the issuance of common stock and assumptions of obligation and liability, and under §§ 1(18) to 1(20), inclusive, of the Act for the abandonment and construction of lines and other authority related to and necessary for the effectuation of the mergers and lease. These applications and the authority sought therein will hereinafter be referred to as the Northern Lines merger.

VI

The Commission, in a decision dated March 31, 1966, disapproved the proposed Northern Lines merger. On January 4, 1967, it granted reconsideration on all issues, but limited further hearings to estimated savings resulting from the proposed merger, on the basis of the most current information readily available. After denying the

requests of the Department of Justice (1) for discovery by subpoena against the applicants to develop information on the savings issue, and (2) for consideration of additional evidence on the competitive issues, it approved the merger by the orders described in Paragraph I of this complaint.

VII

The Commission's orders of November 30, 1967, and April 11, 1968, described in Paragraph I of this complaint, are unlawful and are in violation of the Interstate Commerce Act (49 U.S.C. § 1, *et seq.*) and the Administrative Procedure Act (5 U.S.C. § 551, *et seq.*) insofar as the orders approve and permit consummation of the proposed Northern Lines merger. The orders and decisions of the Commission approving the proposed Northern Lines merger are arbitrary, capricious, an abuse of discretion, unsupported by substantial evidence, the product of improper procedures, lacking a rational basis, and are otherwise not in accordance with law. The Commission erred in the following respects, among others:

(a) The Commission's analysis of the effects of the proposed Northern Lines merger on competition is not supported by adequate findings or substantial evidence and lacks a rational basis.

(b) The Commission's findings concerning savings which the proposed merger would enable the applicants to realize lack a rational basis and substantial supporting evidence.

(c) The Commission's findings concerning savings and competition are procedurally invalid because of the Commission's erroneous denial of the requests of the Department of Justice for discovery and for consideration of further evidence.

(d) The Commission erred in authorizing consummation of the proposed Northern Lines merger before inquiring into and determining the effects of several other related railroad merger proceedings pending before it.

(e) The Commission erred in failing to conduct its own independent investigation for the purpose of

developing facts upon which a rational decision could be based.

VIII

By the terms of the Commission's orders described in Paragraph I of this complaint, the proposed Northern Lines merger is authorized to be consummated on or after May 4, 1968. The parties to the merger have publicly announced that they plan to effectuate the transaction on May 10, 1968. It thus appears that, unless this Court orders otherwise, the proposed merger will be consummated before a final adjudication of its legality. Should this occur, it may later become necessary to undo the transaction. Because of the great difficulties such a course entails, failure to preserve the status quo and to stay *pendente lite* the effectiveness of the Commission's orders might frustrate the granting of effective relief and cause irreparable injury to the public interest.

IX

WHEREFORE, plaintiff prays that:

1. In accordance with the provisions of the statutes referred to in Paragraph III of this complaint, there be constituted to hear and determine this action a special court of three judges;

2. Process issue against the defendants, United States of America and Interstate Commerce Commission;

3. An interlocutory injunction issue against defendants to stay the effectiveness and to prevent and restrain enforcement or execution of the orders of the Commission described in Paragraph I of this complaint insofar as they permit consummation of the proposed Northern Lines merger;

4. This Court adjudge that the orders of the Commission described in Paragraph I of this complaint are unlawful insofar as they permit consummation of the proposed Northern Lines merger;

5. The operation, enforcement, and execution of the Commission's orders described in Paragraph I of this

complaint, insofar as they permit consummation of the Northern Lines merger, be annulled and set aside;

6. Plaintiff have such other and further relief as the nature of the case may require and this Court may deem just and proper.

RAMSEY CLARK
Attorney General

EDWIN M. ZIMMERMAN
Acting Assistant Attorney General

DAVID G. BRESS
United States Attorney

HOWARD E. SHAPIRO

ARTHUR I. CANTOR
Attorneys, Department of Justice
Washington, D. C. 20530

Dated: May 9, 1968.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, PLAINTIFF

v.

UNITED STATES OF AMERICA and

INTERSTATE COMMERCE COMMISSION, DEFENDANTS

and

GREAT NORTHERN RAILWAY COMPANY,
175 East Fourth Street
St. Paul, Minnesota 55101

NORTHERN PACIFIC RAILWAY COMPANY,
Northern Pacific Building
5th and Jackson Streets
St. Paul, Minnesota 55101

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY,
547 West Jackson Boulevard
Chicago, Illinois 60606

SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY,
American Bank Building
Portland, Oregon 97207

PACIFIC COAST R.R. CO.,
Great Northern Building
Seattle, Washington 98101

GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC.,
100 West Tenth Street
Wilmington, Delaware,

INTERVENING DEFENDANTS

ANSWER OF INTERVENING DEFENDANTS

The intervening defendants, named above, for answer to the complaint herein state:

1. Intervening defendants admit the allegations of paragraph I.

2. Intervening defendants admit the allegations of paragraph II, and further state that as shown by the Report of the Commission on Reconsideration and Further Hearing, 331 I.C.C. 228, at 242, the United States Department of Agriculture advised the Interstate Commerce Commission that it had no objection to approval of a suitably-conditioned unification of the intervening defendants.

3. Intervening defendants admit the allegations of paragraph III, except that intervening defendants deny that plaintiff has standing to maintain this action.

4. Intervening defendants admit the allegations of paragraph IV.

5. Intervening defendants admit the allegations of paragraph V.

6. Intervening defendants admit the allegations of the first sentence of paragraph VI. With respect to the second sentence of said paragraph VI, intervening defendants state that the order of the Interstate Commerce Commission reopening the proceedings, dated January 4, 1967, stated:

> "*It is ordered*, That the proceeding be reopened for reconsideration, for oral argument, and for further hearing; the further hearing to be limited solely to determining, on the basis of the most current information readily available, the amount of estimated savings resulting from the proposed merger in the light of (1) agreements entered into between the applicants, on the one hand, and, on the other, the Milwaukee and the North Western and (2) the effect of relevant financial, operational and other changes related to savings, which have occurred subsequent to the close of the hearings; * * *."

With respect to the allegations of the third sentence of paragraph VI, intervening defendants admit that the Commission approved the merger by the orders described in paragraph I of the complaint, and state that the requests of the Department of Justice for discovery and

for consideration of additional evidence, as well as the Commission's ruling thereon, are described in the Commission's report (331 I.C.C. at 243-244). Except as specifically admitted herein, intervening defendants deny the allegations of paragraph VI.

7. Intervening defendants deny the allegations of paragraph VII.

8. Intervening defendants admit the first and second sentences of paragraph VIII. With respect to the third sentence of paragraph VIII, intervening defendants admit that the proposed merger will be consummated before a final adjudication of the complaint herein. With respect to the fourth sentence of paragraph VIII, intervening defendants state that while it is possible that subsequent judicial action may require that intervening defendants undo the transactions approved by the Commission, such a result is not a necessary consequence of final adjudication of this complaint. Intervening defendants further state that the Commission has retained jurisdiction in this proceeding to impose such further conditions on the transactions approved as may be required by the public interest (331 I.C.C. at 359, para. 33; 331 I.C.C. at 878-879). Intervening defendants deny the allegations of the fifth sentence of paragraph VIII, and further state that any delay resulting from the issuance of a temporary restraining order or injunction prayed for in the complaint would cause an irreparable loss of great magnitude to the intervening defendants, such loss consisting of a deprivation of the increase in net income which would result from the unification authorized by the Commission, in the amount of approximately $108,700 per day or $39,700,000 annually, before Federal income taxes. Intervening defendants further state that the shippers and consignees throughout the territory served by them would suffer losses by any such delay by reason of being deprived, during any such period, of the important and valuable benefits which the Commission has found would be provided for them by the better rail transportation service which the unification would produce. Intervening defendants further state that their employees would be deprived, during any such period, of the important and

valuable benefits which the Commission found would inure to them from the unification by reason of the guarantees of employment and other agreements described in the Commission's reports.

WHEREFORE, intervening defendants pray that no temporary restraining order or interlocutory or permanent injunction be issued and that the complaint be dismissed.

/s/ Richard J. Flynn
RICHARD J. FLYNN
Sidley & Austin
1625 I Street, N.W.
Washington, D.C. 20006
638-5400

/s/ Louis E. Torinus
LOUIS E. TORINUS
1120 Great Northern Building
St. Paul, Minnesota 55101
Attorneys for Intervening
Defendants.

CERTIFICATE OF SERVICE

I hereby certify that I have this 10th day of May, 1968, served the foregoing Answer upon all parties of record by mailing a copy thereof to each of them by first-class mail, postage prepaid.

/s/ Richard J. Flynn
RICHARD J. FLYNN

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, PLAINTIFF

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS

and

GREAT NORTHERN RAILWAY COMPANY, ET AL.,
INTERVENING DEFENDANTS

ANSWER OF THE INTERSTATE COMMERCE COMMISSION

Defendant, Interstate Commerce Commission, answers the complaint as follows:

FIRST DEFENSE

Defendant avers that plaintiff lacks standing to maintain this action.

SECOND DEFENSE

Without waiver of the above defense, defendant Interstate Commerce Commission further answers the complaint as follows:

I.

Admits the allegations of Paragraphs I through VI but avers that the Department of Agriculture recognized several benefits in the merger and stated that it did not oppose the transaction provided that certain conditions were imposed by the Commission. These conditions are incorporated in the orders in issue.

II.

Deny the allegations of Paragraph VII.

III.

Deny the allegations of Paragraph VIII insofar as it is claimed that it is necessary for any reason to enjoin consummation of the merger.

IV.

Except as expressly admitted herein defendant denys each and every allegation contained in the complaint and denys that the actions of the Commission are unlawful for the stated or any other reasons.

WHEREFORE, defendant Interstate Commerce Commission prays that the complaint be dismissed and the relief sought be denied.

ROBERT W. GINNANE
General Counsel

FRITZ R. KAHN
Deputy General Counsel

JEROME NELSON
Attorney
Interstate Commerce Commission
Washington, D. C. 20423

Attorneys for the Interstate Commerce Commission

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Answer of the defendant, Interstate Commerce Commission, were served upon all counsel of record on this the 14th day of May, 1968.

JEROME NELSON
Attorney

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, PLAINTIFF

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS

and

GREAT NORTHERN RAILWAY COMPANY, NORTHERN PACIFIC RAILWAY COMPANY, CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY, SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY, PACIFIC COAST R.R. COMPANY, and GREAT NORTHERN PACIFIC & BURLINGTON LINES, INC., INTERVENING DEFENDANTS

MOTION OF CHARLES E. BRUNDAGE, ET AL., TO INTERVENE AS PLAINTIFFS

Come now Charles E. Brundage, Bradford F. Story, Samuel C. Williams, Jr., and Warren Clark, constituting the Northern Pacific Stockholders' Protective Committee and move the court for an order granting them leave to intervene as plaintiffs in this action and to file forthwith their complaint in intervention herein, a copy of which is attached hereto, and in support of their motion state:

1. Movants were intervenors and parties in interest to the proceedings before the Interstate Commerce Commission in its Finance Docket Numbers 21478, 21479 and 21480. In those proceedings the Commission issued the orders, the validity of which is attacked by plaintiff in this action and also attacked by and in the complaint attached hereto.

2. This motion is filed pursuant to Rule 24(a) and (c) of the Federal Rules of Civil Procedure, Title 28 U.S.C.A., and Section 2323 of Title 28 U.S.C.A. which provides, in part, that: ". . . any party or parties in

interest to the proceedings before the [Interstate Commerce] Commission, in which an order or requirement is made, may appear as parties of their own motion and as of right, and be represented by their counsel, in any action involving the validity of such order or requirement or any part thereof, and the interest of such party."

WHEREFORE Charles E. Brundage, Bradford F. Story, Samuel C. Williams, Jr., and Warren Clark, constituting the Northern Pacific Stockholders' Protective Committee pray for an order of this Court granting their intervention as plaintiffs in this suit and permitting them to file the attached complaint tendered herewith and to submit oral argument and briefs and to be treated in all respects as plaintiffs in this suit.

Dated this 15th day of May, 1968.

Respectfully submitted,

/s/ Harry Tyson Carter
HARRY TYSON CARTER
Shanley & Fisher
1815 H Street, Northwest
Washington, D. C. 20006
393-8250

/s/ Louis B. Dailey
LOUIS B. DAILEY
Dailey & Luhrman
39 Broadway
New York, N. Y. 10006
Attorneys for Intervening Plaintiffs

CERTIFICATE OF SERVICE

I certify that I have this 15th day of May, 1968, served the foregoing Motion, together with the Complaint attached thereto, by delivering a copy of the same to the attorney for each party of record.

/s/ Harry Tyson Carter
HARRY TYSON CARTER

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, PLAINTIFF

and

CHARLES E. BRUNDAGE, BRADFORD F. STORY, SAMUEL C. WILLIAMS, JR., and WARREN CLARK, constituting the NORTHERN PACIFIC STOCKHOLDERS' PROTECTIVE COMMITTEE, 90 Broad Street, New York, N. Y. 10004
INTERVENING PLAINTIFFS

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS

and

GREAT NORTHERN RAILWAY COMPANY, ET AL.,
INTERVENING DEFENDANTS

COMPLAINT OF INTERVENORS TO SUSPEND, ENJOIN, ANNUL AND SET ASIDE AN ORDER OF THE INTERSTATE COMMERCE COMMISSION

Plaintiffs Charles E. Brundage, Bradford F. Story, Samuel C. Williams, Jr., and Warren Clark, constituting the Northern Pacific Stockholders' Protective Committee by their attorneys, for their complaint against the defendants and intervening defendants allege:

This is an action to suspend, enjoin, annul and set aside orders of the Interstate Commerce Commission (hereinafter referred to as the Commission) dated November 30, 1967, and April 11, 1968, entered in administrative proceedings identified as Finance Docket No. 21478, *Great Northern Pacific and Burlington Lines, Inc. —Merger, Etc.—Great Northern Railway Company, et al.*, Finance Docket No. 21479, *Chicago, Burlington and Quincy Railroad Company, et al.—Stock Issuance, Etc.*,

and Finance Docket No. 21480, *Great Northern Pacific and Burlington Lines, Inc., et al.—Construction and Abandonment.* This action arises under and involves § 5(2) and 17 of the Interstate Commerce Act (49 U.S.C. 5(2) and 17).

II.

Charles E. Brundage, Bradford F. Story, Samuel C. Williams, Jr., and Warren Clark, acting as and constituting the Northern Pacific Stockholders' Protective Committee were intervenors in the aforesaid proceedings before the Commission out of which the present action arises.

III.

The jurisdiction and venue of this Court to hear the complaint and grant the relief requested herein are established by 28 U.S.C. § 1336, 1398, 2284, and 2321 through 2325, inclusive and 5 U.S.C. § 701 through 706, inclusive.

IV.

The United States of America is named a defendant in this action pursuant to 28 U.S.C. § 2322.

V.

The administrative proceedings out of which this action arises were initiated by joint application of Great Northern Railway Company (Great Northern), Northern Pacific Railway Company (Northern Pacific), Pacific Coast Railroad Company (Pacific Coast), Chicago, Burlington and Quincy Railroad Company (Burlington), and Spokane, Portland and Seattle Railway Company (SP&S), common carriers by railroad subject to Part I of the Interstate Commerce Act (hereinafter referred to as the Act), and Great Northern Pacific and Burlington Lines, Inc. (New Company), not a carrier. In these applications authority was sought under § 5(2) of the Act for the merger of Great Northern, Northern Pacific, Pacific Coast, and Burlington into New Company, and the lease by the latter of SP&S together with the acquisition of

control of subsidiaries. Authority was also sought under § 20a of the Act for the issuance of common stock and assumptions of obligation and liability, and under §§ 1(18) to 1(20), inclusive, of the Act for the abandonment and construction of lines and other authority related to and necessary for the effectuation of the mergers and lease. These applications and the authority sought therein will hereinafter be referred to as the Northern Lines merger.

This joint application eventually resulted in the orders of the Commission referred to in paragraph I of this complaint, which orders granted the application as requested, subject to certain conditions therein specified.

VI.

§ 5(2) of the Interstate Commerce Act (49 U.S.C. § 5(2)) requires that the Commission before approving the proposed transaction must find that "subject to such terms and conditions and such modification as it shall find to be just and reasonable, the proposed transaction is within the scope of subdivision (a) of this paragraph and will be consistent with the public interest".

VII.

The Administrative Procedure Act (5 U.S.C. § 706) provides that a reviewing court shall * * * "(2) hold unlawful and set aside agency action, findings and conclusions found to be (A) arbitrary, capricious, an abuse of discretion or otherwise not in accordance with law; . . . . (D) without observance of procedure required by law; . . . . (E) unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute; . . . . In making the foregoing determinations, the court shall review the whole record or those parts of it cited by a party, and due account shall be taken of the rule of prejudicial error."

VIII.

By its orders, dated July 26, 1963, January 4, 1967, and April 11, 1968, the Commission denied plaintiffs'

petitions for further hearings to provide all parties the opportunity to update the record with respect to the natural resources properties of Northern Pacific as their valuation bears on the justice and reasonableness of the stock exchange ratios of the merger terms as approved by the Commission's orders dated November 30, 1967, and April 11, 1968, herein complained of.

IX.

The Commission's orders of November 30, 1967, and April 11, 1968, described in paragraph I of this complaint are unlawful and are in violation of the Interstate Commerce Act (49 U.S.C. § 1 *et seq*) and the Administrative Procedure Act (5 U.S.C. § 661 *et seq*) insofar as the orders approve and permit consummation of the proposed Northern Lines mergers on the terms and conditions therein found to be just and reasonable. The orders and decisions of the Commission approving the proposed Northern Lines merger are arbitrary, capricious, an abuse of discretion, unsupported by substantial evidence, the product of improper procedures, lacking a rational basis and are otherwise not in accordance with law. The Commission erred in the following respects among others:

(a) That the finding and conclusion of the Commission that the stock exchange ratios of the merger terms as approved by it are just and reasonable to the stockholders of Northern Pacific are unsupported by substantial evidence in the record.

(b) That the refusal of the Commission to grant the plaintiffs several petitions for further hearing to permit the opportunity to update the record with respect to the natural resources properties of Northern Pacific as their valuation bears on the justice and reasonableness of the stock exchange ratios of the merger terms as approved by the Commission was arbitrary, capricious, an abuse of discretion and without observance of procedure required by law.

(c) That the Commission's record fails to show rulings on findings, conclusions and exceptions present-

ed and requested by plaintiffs and that orders and decisions, complained of herein, do not include a statement of such findings and conclusions and reasons or basis therefor on material issues of fact and law presented on the record.

(d) That the finding of the Commission that the condition proposed by plaintiffs for the segregation and sale of the natural resources properties of Northern Pacific prior to the consummation of the merger was without merit and unfair to the stockholders of Northern Pacific was arbitrary, capricious, an abuse of discretion and unsupported by substantial evidence in the record.

X.

Following the Commission's order allowing plaintiffs to intervene, plaintiffs actively participated in the proceedings before the Commission and have exhausted all of their remedies provided in the rules of the Commission.

XI.

As a result of the Commission's order herein, the stockholders of Northern Pacific will suffer irreparable injury if the proposed transaction is consummated on the terms specified in its said orders.

WHEREFORE, plaintiffs pray that:

1. An interlocutory injunction issue against defendants and intervening defendants to stay the effectiveness and to prevent and restrain enforcement or execution of the orders of the Commission described in paragraph I of this complaint insofar as they permit consummation of the Northern Lines merger as proposed and insofar as they find that the stock exchange ratios of the merger terms as approved by the Commission are just and reasonable to the stockholders of Northern Pacific.

2. This Court adjudge that the orders of the Commission described in paragraph I of this complaint are unlawful insofar as they permit consummation of the

proposed Northern Lines merger as proposed and insofar as they find that the stock exchange ratios of the merger terms as approved by the Commission are just and reasonable to the stockholders of Northern Pacific.

3. The operation, enforcement, and execution of the Commission's orders described in paragraph I of this complaint, insofar as they permit consummation of the Northern Lines merger, as proposed and insofar as they find that the stock exchange ratios of the merger terms as approved by the Commission are just and reasonable to the stockholders of Northern Pacific, be suspended, annulled and set aside.

4. Plaintiffs have such other and further relief as the nature of the case may require and this Court may deem just and proper.

Dated this 15th day of May, 1968.

Respectfully submitted,

/s/ Harry Tyson Carter
HARRY TYSON CARTER
Shanley & Fisher
1815 H Street, Northwest
Washington, D. C. 20006
393-8250

/s/ Louis B. Dailey
LOUIS B. DAILEY
Dailey & Luhrman
39 Broadway
New York, N. Y. 10006
Attorneys for Intervening
Plaintiffs

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, PLAINTIFF

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS

ORDER

On consideration of the motions to intervene filed herein, it is

ORDERED by the Court that said motions are hereby granted.

/s/ David L. Bazelon
DAVID L. BAZELON
Chief Judge
U.S. Court of Appeals

/s/ Charles Fahy
CHARLES FAHY
Senior Circuit Judge
U.S. Court of Appeals

/s/ Edward M. Curran
Chief Judge
U.S. District Court

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, PLAINTIFF

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS

LIVINGSTON ANTI-MERGER COMMITTEE, APPLICANT TO INTERVENE AS PLAINTIFF

MOTION OF LIVINGSTON ANTI-MERGER COMMITTEE TO INTERVENE AS PLAINTIFF

The Livingston Anti-Merger Committee moves for leave to intervene as a plaintiff in order to assert the claim set forth in its proposed complaint, of which a copy is hereto attached, on grounds that:

1. Movant was an intervenor and party in interest to the proceedings before the Interstate Commerce Commission in Finance Dockets No. 21478, 21479 and 21480. In those proceedings, the Commission issued orders the validity of which is attacked by plaintiff's complaint. Said orders and complaint involved the interests of movant.

2. This motion is pursuant to Rule 24(a), (b) and (c) of the Federal Rules of Civil Procedure, Title 28 U.S.C.A., and Section 2323 of Title 28 U.S.C.A. Said Section 2323 provides, in part, that ". . . any party or parties in interest to the proceeding before the [Interstate Commerce] Commission, in which an order or requirement is made, may appear as parties of their own motion and as of right, and be represented by their counsel, in any action involving the validity of such order or requirement or any part thereof, and the interest of such party."

3. The plaintiff United States of America and the defendant Interstate Commerce Commission have no objections to this motion.

4. The schedule for the filing of briefs provided for in the recent court order is agreeable to movant.

/s/ Valentine B. Deale
VALENTINE B. DEALE
1001 Connecticut Avenue, N.W.
Washington, D. C. 20036
Telephone: 393-4590

Attorney for Livingston Anti-Merger Committee

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, PLAINTIFF

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS

LIVINGSTON ANTI-MERGER COMMITTEE,
INTERVENING PLAINTIFF

COMPLAINT OF INTERVENOR, LIVINGSTON ANTI-MERGER COMMITTEE, TO ENJOIN, ANNUL AND SET ASIDE ORDERS OF THE INTERSTATE COMMERCE COMMISSION

I

This is an action to enjoin, annul and set aside orders of the Interstate Commerce Commission (hereinafter referred to as the Commission) dated November 30, 1967, and April 11, 1968, entered in administrative proceedings identified as Finance Docket No. 21478, *Great Northern Pacific and Burlington Lines, Inc.—Merger, Etc.—Great Northern Railway Company, et al.*, Finance Docket No. 21479, *Chicago, Burlington and Quincy Railroad Company, et al.—Stock Issuance, Etc.*, and Finance Docket No. 21480, *Great Northern Pacific and Burlington Lines, Inc., et al.—Construction and Abandonment.*

II

The jurisdiction and venue of this Court to hear the complaint and grant the relief requested herein are established by Sections 1336, 1398, 2284, and 2321-2325 of Title 28 U.S.C.A., and by Sections 701-706 of Title 5 U.S.C.A.

III

The intervenor in this action, namely, the Livingston Anti-Merger Committee, is a group of citizens and resi-

dents of the State of Montana living in and about the city of Livingston in that State, including W. R. McGee, its Chairman, which was an intervening party in the proceedings before the Commission.

IV

The United States of America is named a defendant in the complaint pursuant to Section 2322 of Title 28 U.S.C.A.

V

The administrative proceedings out of which this action arises concerned the joint applications of several companies to the Interstate Commerce Commission in which authority was sought for their merger and related implementing action under Sections 1(18) to 1(20), 5(2), and 20a of the Interstate Commerce Act. The several companies are the Northern Pacific Railway Company and the Great Northern Railway Company, both of St. Paul, Minnesota; the Pacific Coast R.R. Co., of Seattle, Washington; the Chicago, Burlington & Quincy Railroad Company, of Chicago, Illinois; the Spokane, Portland and Seattle Railway Company, of Portland, Oregon; and the Great Northern Pacific & Burlington Lines, Inc., of Wilmington, Delaware. These applications resulted in the orders of the Commission identified in Paragraph I of this complaint. The applications and the authority sought therein will hereinafter be referred to as the Northern Lines merger.

VI

This intervenor in said administrative proceedings opposed the applications on the grounds, among others, that the Commission had no jurisdiction to approve any merger involving the franchise and main line right of way used and operated by the Northern Pacific Railway Company, that said franchise and right of way are subject to the provisions of the Act of July 2, 1864 (13 Stat. 365), and that such provisions prohibit the proposed merger mortgage of said franchise and right of way

without the prior consent of Congress, which has never been obtained, and also are otherwise a legal bar to the proposed merger.

VII

The Commission's orders of November 30, 1967, and April 11, 1968, described in Paragraph I of this complaint, are unlawful and are in violation of the Interstate Commerce Act (49 U.S.C.A. § 1 *et seq.*), the Administrative Procedure Act (5 U.S.C.A. § 551 *et seq.*), and the Act of July 2, 1864 (13 Stat. 365), the federal charter of the Northern Pacific *Railroad* Company (emphasis supplied), insofar as the orders authorize and permit the franchise and main line right of way used and operated by the Northern Pacific Railway Company to be included in the Northern Lines merger. The orders and decisions of the Commission approving said part of the proposed Northern Lines merger are arbitrary, capricious, an abuse of discretion, unsupported by substantial evidence, the product of improper procedures, and lacking a rational basis; and are otherwise not in accordance with law. The Commission erred in the following respects, among others:

(a) The Commission erred in excluding from the record evidence challenging the Commission's jurisdiction over the franchise and main line right of way used and operated by the Northern Pacific Railway Company;
(b) The Commission erred in asserting jurisdiction over said franchise and right of way;
(c) The Commission erred in approving the Northern Lines merger in the absence of necessary federal authorization, refusing to give effect to outstanding prohibitions, statutory and otherwise, against the merger and the mortgaging of said franchise and right of way;
(d) The Commission erred in giving supremacy to state law over federal law.

VIII

WHEREFORE, plaintiff intervenor prays that:

(a) This Court adjudge that the orders of the Commission described in Paragraph I of this complaint are unlawful insofar as they authorize the proposed Northern Lines merger to include the franchise and main line right of way used and operated by the Northern Pacific Railway Company;

(b) The operation, enforcement and execution of the Commission's orders described in Paragraph I of this complaint, insofar as they authorize the inclusion of the franchise and main line right of way used and operated by Northern Pacific Railway Company, be enjoined, annulled and set aside;

(c) Plaintiff have such other and further relief as the nature of the case may require and this Court may deem just and proper.

/s/ Valentine B. Deale
VALENTINE B. DEALE
1001 Connecticut Avenue, N.W.
Washington, D.C. 20036
Telephone: 393-4590

Attorney for Livingston Anti-Merger Committee

CERTIFICATE OF SERVICE

I certify that the foregoing Motion for Leave to Intervene, together with the Complaint attached thereto, has been served upon the following parties and intervenors, in the manner indicated, on this 23rd day of May, 1968:

Plaintiff—United States of America—(by delivering copies thereof to the office of Howard E. Shapiro, Esq., Chief, Appellate Section, Anti-Trust Division, Department of Justice, Washington, D.C.)

Defendants—United States of America and Interstate Commerce Commission—(by delivering copies thereof to the office of Robert W. Ginnane, Esq., General Counsel, Interstate Commerce Commission, Washington, D.C.)

Intervening Defendant Railroads—(by delivering copies thereof to the office of Richard J. Flynn, Esq., 1625 Eye Street, N.W., Washington, D.C.)

Intervening Plaintiff—City of Auburn, Washington—(by delivering copies thereof to the office of Joel E. Hoffman, Esq., 1225 - 19th Street, N.W., Washington, D.C.)

Intervening Plaintiff—Northern Pacific Stockholders Protective Committee—(by delivering copies thereof to the office of Harry Tyson Carter, Esq., 1815 H Street, N.W., Washington, D.C.)

Intervening Plaintiff—Board of Railroad Commissioners of the State of Montana—(by delivering copies thereof to the office of Marvin J. Sonosky, Esq., 1225 - 19th Street, N.W., Washington, D.C.)

Intervening Plaintiff—State of Washington—(by mailing, via air mail, special delivery, copies thereof to John J. O'Connell, Esq., Attorney General, Temple of Justice, Olympia, Washington 98501)

/s/ Valentine B. Deale
VALENTINE B. DEALE

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

Filed June 3, 1968, Robert M. Stearns, Clerk

UNITED STATES OF AMERICA, PLAINTIFF

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS

LIVINGSTON ANTI-MERGER COMMITTEE, APPLICANT TO INTERVENE AS PLAINTIFF

ORDER

On consideration of the unopposed motion of Livingston Anti-Merger Committee to intervene as plaintiff, it is

ORDERED by the Court that the aforesaid motion be granted and said movant is allowed to intervene in this case as plaintiff.

/s/ David L. Bazelon
DAVID L. BAZELON
Chief Judge
U.S. Court of Appeals

/s/ Charles Fahy
CHARLES FAHY
Senior Circuit Judge
U.S. Court of Appeals

/s/ Edward M. Curran
EDWARD M. CURRAN
Chief Judge
U.S. District Court

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, ET AL., PLAINTIFFS

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS
and
GREAT NORTHERN RAILWAY COMPANY, ET AL.,
INTERVENING DEFENDANTS

ANSWER OF INTERVENING DEFENDANTS GREAT NORTHERN RAILWAY COMPANY, ET AL., TO INTERVENING COMPLAINT OF LIVINGSTON ANTI-MERGER COMMITTEE

The intervening defendants Great Northern Railway Company, Northern Pacific Railway Company, Chicago, Burlington Quincy Railroad Company, Spokane, Portland and Seattle Railway Company, Pacific Coast R.R. Co. and Great Northern Pacific & Burlington Lines, Inc., for their answer to the intervening complaint of Livingston Anti-Merger Committee state:

1. Intervening defendants admit the allegations of Paragraph I and state that: (a) the orders referred to in Paragraph I are accompanied by and incorporate reports published at 331 I.C.C. 228 and 331 I.C.C. 869; (b) the report of the hearing examiner served on August 24, 1964, also is part of the orders referred to in Paragraph I; and (c) the report of the Interstate Commerce Commission dated March 31, 1966 (328 I.C.C. 460), also is part of the orders referred to in Paragraph I.

2. Intervening defendants admit the allegations of Paragraph II; this admission, as respects venue, being based upon waiver of the venue requirement in the statutes cited in Paragraph II.

3. Intervening defendants admit the allegations of Paragraph III.

4. Intervening defendants admit the allegations of Paragraph IV.

5. Intervening defendants admit the allegations of Paragraph V except that the application with respect to Spokane, Portland and Seattle Railway Company was for authority to lease all of its property and assets to, rather than merge into, Great Northern Pacific & Burlington Lines, Inc.

6. Intervening defendants admit that, in the proceedings before the Interstate Commerce Commission, the intervening plaintiff opposed the applications and asserted the contentions stated in Paragraph VI, but deny that those contentions are valid. Intervening defendants further state that the Commission had jurisdiction to approve the merger and that the statutory provisions referred to in Paragraph VI are not a prohibition or bar to the proposed merger or to the proposed mortgage.

7. Intervening defendants deny the allegations of Paragraph VII.

WHEREFORE, intervening defendants respectfully request that the relief prayed for in the complaint be denied, and that the complaint be dismissed at intervening plaintiff's costs.

Dated: June 5, 1968.

RICHARD J. FLYNN
SIDLEY & AUSTIN
1625 I Street, N.W.
Washington, D.C. 20006
638-5400

Ray Garrett
D. Robert Thomas
Lee B. McTurnan
Sidley & Austin
11 South LaSalle Street
Chicago, Illinois 60603

Anthony Kane
Louis E. Torinus
Great Northern Railway Company
175 East Fourth Street
St. Paul, Minnesota 55101

Earl F. Requa
Frank S. Farrell
Northern Pacific Railway Company
5th and Jackson Streets
St. Paul, Minnesota 55101

Eldon Martin
R. T. Cubbage
Chicago, Burlington & Quincy Railroad Company
547 West Jackson Boulevard
Chicago, Illinois 60606

Attorneys for Intervening Defendants Great Northern Railway Company, et al.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, ET AL., PLAINTIFFS

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS
and
GREAT NORTHERN RAILWAY COMPANY, ET AL.,
INTERVENING DEFENDANTS

ANSWER OF INTERVENING DEFENDANTS GREAT NORTHERN RAILWAY COMPANY, ET AL., TO INTERVENING COMPLAINT OF CHARLES E. BRUNDAGE, ET AL.

The intervening defendants Great Northern Railway Company, Northern Pacific Railway Company, Chicago, Burlington & Quincy Railroad Company, Spokane, Portland and Seattle Railway Company, Pacific Coast R.R. Co. and Great Northern Pacific & Burlington Lines, Inc., for their answer to the intervening complaint of "Charles E. Brundage, Bradford F. Story, Samuel C. Williams, Jr., and Warren Clark, constituting the Northern Pacific Stockholders' Protective Committee," state:

1. Intervening defendants admit the allegations of Paragraph I and state that: (a) the orders referred to in Paragraph I are accompanied by and incorporate reports published at 331 I.C.C. 228 and 331 I.C.C. 869; (b) the report of the hearing examiner served on August 24, 1964, also is part of the orders referred to in Paragraph I; and (c) the report of the Interstate Commerce Commission dated March 31, 1966 (328 I.C.C. 460), also is part of the orders described in Paragraph I.

2. Intervening defendants admit the allegations of Paragraph II.

3. Intervening defendants admit the allegations of Paragraph III; this admission, as respects venue, being

based upon waiver of the venue requirement in the statutes cited in Paragraph III.

4. Intervening defendants admit the allegations of Paragraph IV.

5. Intervening defendants admit the allegations of Paragraph V and state that the correct names of the respective applicant companies are Great Northern Railway Company, Northern Pacific Railway Company, Chicago, Burlington & Quincy Railroad Company, Spokane, Portland and Seattle Railway Company, Pacific Coast R.R. Co., and Great Northern Pacific & Burlington Lines, Inc.

6. Intervening defendants do not answer the allegations of Paragraph VI because the statute therein referred to speaks for itself.

7. Intervening defendants do not answer the allegations of Paragraph VII because the statute therein referred to speaks for itself.

8. Intervening defendants admit that the orders were issued as described in Paragraph VIII and that the intervening plaintiffs had filed petitions containing the requests described in Paragraph VIII except that the order described as "dated July 26, 1963," should be correctly described as dated July 19, 1963, by the Commission, Division 3.

9. Intervening defendants deny the allegations of Paragraph IX.

10. Intervening defendants admit the allegations of Paragraph X except that in connection with intervening plaintiffs' petitions for further hearing intervening plaintiffs did not comply with Rule 101(b) of the Interstate Commerce Commission's General Rules of Practice.

11. Intervening defendants deny the allegations of Paragraph XI.

WHEREFORE, intervening defendants respectfully request that the relief prayed for in the complaint be denied and that the complaint be dismissed at intervening plaintiffs' costs.

Dated: June 5, 1968.

RICHARD J. FLYNN
SIDLEY & AUSTIN
1625 I Street, N.W.
Washington, D.C. 20006
638-5400

Ray Garrett
D. Robert Thomas
Lee B. McTurnan
Sidley & Austin
11 South LaSalle Street
Chicago, Illinois 60603

Anthony Kane
Louis E. Torinus
Great Northern Railway Company
175 East Fourth Street
St. Paul, Minnesota 55101

Earl F. Requa
Frank S. Farrell
Northern Pacific Railway Company
5th and Jackson Streets
St. Paul, Minnesota 55101

Eldon Martin
R. T. Cubbage
Chicago, Burlington & Quincy Railroad Company
547 West Jackson Boulevard
Chicago, Illinois 60606

Attorneys for Intervening Defendants Great Northern Railway Company, et al.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, ET AL., PLAINTIFFS

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, ET AL., DEFENDANTS

ANSWER OF INTERVENING DEFENDANTS 230 PACIFIC NORTHWEST SHIPPERS TO COMPLAINT OF PLAINTIFF UNITED STATES OF AMERICA

The intervening defendants 230 Pacific Northwest Shippers, named in Appendix A attached hereto, for their answer to the complaint of plaintiff, United States of America, state:

1. Intervening defendants admit the allegations of Paragraph I and state that the report of the hearing examiner served on August 24, 1964, and certain reports of the Commission (328 I.C.C. 460; 331 I.C.C. 228; 331 I.C.C. 869) are also parts of the orders referred to in Paragraph I.

2. Intervening defendants admit the allegations of Paragraph II but deny that the allegation that the United States Department of Agriculture was an intervenor in the proceedings before the Commission is relevant to or proper in the complaint. Intervening defendants state that the United States Department of Agriculture, unlike the United States Department of Justice, recognized, before the Interstate Commerce Commission, that the proposed unification offered substantial benefits to the shipping public and had no objection to the merger subject to appropriate conditions.

3. Intervening defendants deny that plaintiff has standing to maintain this action but otherwise admit the allegations of Paragraph III.

4. Intervening defendants admit the allegations of Paragraph IV.

5. Intervening defendants admit the allegations of Paragraph V.

6. Intervening defendants admit the allegations of the first sentence of Paragraph VI. With respect to the second sentence of said Paragraph VI, intervening defendants state that the January 4, 1967 order of the Interstate Commerce Commission reopening the proceedings provided:

> "*It is ordered*, That the proceedings be reopened for reconsideration, for oral argument, and for further hearing; the further hearing to be limited solely to determining, on the basis of the most current information readily available, the amount of estimated savings resulting from the proposed merger in the light of (1) agreements entered into between the applicants, on the one hand, and, on the other, the Milwauke and the North Western and (2) the effect of relevant financial, operational and other changes related to savings, which have occurred subsequent to the close of hearings; . . ."

With respect to the allegations of the third sentence of Paragraph VI, intervening defendants admit that the Commission approved the merger by the orders described in Paragraph I of the complaint and state that the request of the Department of Justice for discovery and for consideration of additional evidence, as well as the Commission's rulings thereon, are described in the Commission's report (331 I.C.C. at 243-244). Except as specifically admitted herein, intervening defendants deny the allegations of Paragraph VI.

7. Intervening defendants deny the allegations of Paragraph VII.

8. Intervening defendants admit the allegations of the first and second sentences of Paragraph VIII. With respect to the third sentence of Paragraph VIII, intervening defendants admit the proposed transactions may be consummated before a final adjudication of this complaint except that this Court preliminarily enjoined consummation of the transactions by order dated May 16, 1968. Intervening defendants deny the allegations of the

fourth and fifth sentences of Paragraph VIII. Intervening defendants state that the Commission has continuing jurisdiction and power as may be appropriate and necessary to impose further conditions or to modify conditions imposed on the transactions. Intervening defendants further state that, as shown in the Affidavit of Fred H. Tolan dated May 11, 1968, and filed in this action on May 14, 1968, delay in the consummation of the approved transactions causes and will cause very substantial and irreparable injury and monetary loss to these intervening defendants and to the shipping public, particularly in the Pacific Northwest and Puget Sound Region.

WHEREFORE, intervening defendants respectfully pray that the relief requested in the complaint be denied and that the complaint be dismissed.

Dated this 10 day of June, 1968.

/s/ Fred H. Tolan
FRED H. TOLAN

ALAN F. WOHLSTETTER
Of DENNING & WOHLSTETTER
Attorneys for 230 Pacific
Northwest Shippers

[Certificate of service omitted in printing]

APPENDIX A

230 PACIFIC NORTHWEST SHIPPERS

Alaskan Copper Companies, Inc. d/b/a Alaskan Copper & Brass Company, P. O. Box 3546, Seattle, Washington.

Andrus & Roberts Produce Co. & Sunny Roza Fruit & Produce Co., Inc., P. O. Box 447, Sunnyside, Washington.

John E. Amberg Co., 757 Harrison Street, Seattle, Washington.

American Fabricators Company, P. O. Box 7, Bellingham, Wash.

Apparel, Inc., 421 - 8th Avenue North, Seattle, Washington.

Apple Furniture Manufacturing Company, Inc., 457 North 34th Street, Seattle, Washington.

Associated Asbestos, Inc., 4401 - 23rd Avenue West, Seattle, Washington.

Associated Grocers, Inc., 3301 Norfolk Street, Seattle, Wash.

Atlas Foundry & Machine Co., 3012 South Wilkeson Street, Tacoma, Washington.

H. W. Baker Linen Company of Washington, Inc., 1101 East Pike Street, Seattle, Washington.

Baker Produce Company, P. O. Box 455, Kennewick, Washington.

Balcom & Moe, Inc., Grandview, Washington.

Barton Wood Products, Inc., 6301 - 212th S.W., Lynnwood, Wash.

The E. J. Bartells Company, 1212 Sixth Avenue South, Seattle, Washington.

Basin Produce Company, Inc., P. O. Box 65, Moses Lake, Wash.

Bay Area Shippers Consolidating Association, Inc., Transport Bldg., Embarcadero at Mission St., San Francisco, Calif.

Bay Fish Company, Neah Bay, Washington.

Gordon Bedlington, Rt. 1, Lynden, Washington.

The Bentley Company, 4126 Airport Way South, Seattle, Wash.

Charles F. Berg, Inc., 615 S.W. Broadway, Portland, Oregon.

The Black Manufacturing Co., 1130 Rainier Ave. So., Seattle, Washington.

Bleyhl's, Inc., P. O. Box 1, Grandview, Washington.

Blundell Peat Co. Ltd., 820 #6 Road, R.R. 3, Richmond, B.C., Canada.

Booth Fisheries Corp., 309 West Jackson Blvd., Chicago, Illinois.

Bornstein Sea Foods, Inc., I & J Waterway, Bellingham, Wash.

Bowles Northwest Co., 700 Northlake Way, Seattle, Washington.

Brandrud Manufacturing Co., 1050 West Nickerson St., Seattle, Washington.

Brennan Supply Co., Inc., 14032 Aurora Ave., Seattle, Wash.

Brodie-National, Inc., 2300 Elliott Ave., Seattle, Washington.

Brooks Lumber Company, P. O. Box 153, Bellingham, Washington.

Bryant's Distributing Co., Inc., 1117 East Northlake Way, Seattle, Washington.

Bryant's Equipment, Inc., 1117 East Northlake Way, Seattle, Wash.

Bryant's Marina, Inc., 1117 East Northlake Way, Seattle, Wash.

Buffalo Sanitary Wipers Co., Inc., 99 Spokane St., Seattle, Washington.

Callisons, Inc., 801 Lloyd Building, Seattle, Washington.

Cardwell & Magnusson, Inc., P. O. Box 1501, Yakima, Washington.

Carman Manufacturing Co., 725 East 25th Street, Tacoma, Wash.

Chamber of Commerce of Bellingham, Washington, P. O. Box 1114, Bellingham, Washington.

Chappell Manufacturing Co., 6825 N.E. 42nd, Portland, Oregon.

Coast Wood Products Company, 1120 N.W. Ballard Way, Seattle, Washington.

F. B. Connelly Company, 1015 Republican Street, Seattle, Wash.

Consolidated Fruit & Produce Co., 1916 Occidental Ave., So., Seattle, Washington.

Columbia Growers, Inc.-Yoshino Produce Co., Inc.-Yoshino Bros. Farms, P. O. Box 867, Quincy, Washington.

Craig Corporation, 3410 South La Dienega Blvd., Los Angeles, California.

Day's Tailor-D Clothing, Inc., 2901 Court A, Tacoma, Washington.

Dennis Uniform Mfg. Co., 105 S.E. Hawthorne Blvd., Portland, Oregon.

Denny Shoe Corporation, 416 Occidental Ave., Seattle, Washington.

Lowell DeYoung Co., P. O. Box 227, Woodinville, Washington.

Dodge Produce Co., P. O. Box 25, Quincy, Washington.

Edlow Manufacturing Co., 1000 S.E. Water Avenue, Portland, Ore.

Electrical Distributing, Inc., 140 N.W. 14th, Portland, Oregon.

The Englander Company, Inc., Space 1720, Merchandise Mart Plaza, Chicago, Illinois.

Everett Fish Co., Inc., Fishermen's Dock, Everett, Washington.

Farwest Garments, Inc., 1100 Poplar Place South, Seattle, Wash.

Fashioncraft Furniture Corporation, 4600 S.W. Macadam Avenue, Portland, Oregon.

Fisheries Supply Co., Pier 55, Seattle, Washington.

Fishermen's Co-operative Association, Pier 59, Seattle, Wash.

Foremost Furniture Manufacturers, Inc., 647 South Alaska Street, Seattle, Washington.

Forney Fruit & Produce Co., Inc., P. O. Box 405, Yakima, Wash.

Foster-Hochberg Manufacturing Co., Inc., 500 East Pike Street, Seattle, Washington.

Henry D. Gee Company, 424 Third Avenue West, Seattle, Washington.

Globe Feed Mills, Inc., P. O. Box 327, Kirkland, Washington.

Grays Harbor Chair & Manufacturing Co., P. O. Box 180, Hoquiam, Washington.

A. P. Green Fire Brick Co., Troy Division, Mexico, Missouri.

Green Mountain Evergreens, Inc., Castle Rock, Washington.

G. O. Guy Drugs, 87 Lenora, Seattle, Washington.

R. G. Haley International Corp., Foot of Cornwall Ave., Bellingham, Washington.

Halibut Producers Cooperative, 4501 Shilshole Avenue N.W., Seattle, Washington.

Elmer Hansen, 308 West Loop Drive, Moses Lake, Washington.

Hansen & Peterson, Inc., P. O. Box 350, Mt. Vernon, Washington.

F. S. Harmon Mfg. Co., 2926 South Steele, Tacoma, Washington.

Haroldson Industries, Inc., 1101 Ballard Way, Seattle, Washington.

Hemphill Brothers, Inc., 201 Boren North, Seattle, Washington.

J. Hofert Co., 5955 South Western Avenue, Seattle, Washington.

Howard Manufacturing Company, Kent, Washington.

The Jen-Cel-Lite Corporation, 954 East Union, Seattle, Wash.

Jensen Byrd Company, Inc., 310-324 West Riverside, Spokane, Washington.

Lou Johnson Co., Inc., 1506 N.W. Irving Street, Portland, Oregon.

Joseph's, Inc., 2304 N.W. 21st, Portland, Oregon.

Joslyn Mfg. & Supply Co., Chicago, Illinois.

Junior Line Furniture Company, 1017 East D Street, Tacoma, Wash.

R. C. King Co., Inc., 2710 - 1st Avenue South, Seattle, Wash.

King-Fisher Mattress Co., Inc., 1100 N.E. 21st Avenue, Portland, Oregon.

G. R. Kirk Company, 324 Perkins Building, Tacoma, Washington.

J. K. Lamp & Sales Company, 509 Boren Avenue North, Seattle, Washington.

Lande Feed Co., 95 Burnett Street, Renton, Washington.

Leonetti Furniture Mfg. Co., 2805 S.E. 14th Avenue, Portland, Oregon.

Lipman Wolfe & Company, 521 S.W. 5th Avenue, Portland, Oregon.

Lovins Produce, Inc., 831 S. Evergreen Drive, Moses Lake, Washington.

Lulu Island Peat Co. Ltd., 261 #7 Road, R.R. #2, Richmond, B. C., Canada.

Lynden Department Store, Inc., P. O. Box 33, Lynden, Washington.

Magnuson Furniture Manufacturing Co., Inc. 1122 S.W. Spokane Street, Seattle, Washington.

Major Line Products Co., Inc., 402 Tyler, Hoquiam, Washington.

Marketime Drugs, Inc., 721 S.W. 4th, Portland, Oregon.

Marine & Industrial Supply, Inc., 1123 S.W. Hanford Street, Seattle, Washington.

Mastercraft Furniture Manufacturing Co., 542 First Avenue So., Seattle, Washington.

Harry Matso Produce Co., Moses Lake, Washington.

Murray B. Marsh Company, 3730 Union Pacific Avenue, Los Angeles, California.

McCallum-Legaz Fish Co., Inc., Pier 66, Seattle, Washington.

McCrory-McLellan-Green Stores, Div. of McCrory Corp., 31-39 West 34th Street, New York, New York.

Men's Wear, Inc., 1103 Post Avenue, Seattle, Washington.

Mitchell Bros. Furniture Co., 3013 North Mississippi Avenue, Portland, Oregon.

Modern Furniture Manufacturers, Arlington, Washington.

Modern Lounge Manufacturers, 568 First Avenue So., Seattle, Wash.

Mojonnier & Sons, Inc., P. O. Box 237, Walla Walla, Washington.

Murphy Feed Co., 202 Olympic Avenue, Arlington, Washington.

National Steel Construction Co., 500 South Myrtle Street, Seattle, Washington.

Norman W. Nelson, P. O. Box 527, Burlington, Washington.

C. A. Newell Co., Inc., 735 No. Northlake Way, Seattle, Washington.

New England Fish Co., 618 - 2nd Ave., Seattle 4, Washington.

New York Merchandise Company, Inc., 32 West 23rd Street, New York, New York.

Nordstrom's, Inc., 420 Pike Street, Seattle, Washington.

Northern Commercial Company, 419 Colman Building, Seattle, Wash.

Northern Industries, Ltd., 245 #8 Road, Richmond, B. C., Canada.

Northern Peat Moss Company, Ltd., 245 #8 Road, Richmond, B. C., Canada.

Northern Products Corporation, 705 Terminal Sales Building, Seattle, Washington.

Northern Seed Potato Co. Ltd., Room 407, 198 W. Hastings Street, Vancouver, B. C., Canada.

Northern Specialty Sales, Inc., 1507 N.W. Pettygrove, Portland, Oregon.

Northwestern Furniture Manufacturing Co., 2014 - 9th Avenue, Seattle, Washington.

Northwestern Furniture Sales, Inc., 2014 - 9th Ave., Seattle, Washington.

Northwest Chair Company, 2201 South Tacoma Way, Tacoma, Wash.

Northwest Envelope Company, Division of Carpenter Paper Company, 1426 South Dearborn Street, Seattle, Washington.

Northwest Fisheries Association, 66 Marion Street, Seattle, Wash.

Northwest Fish Traffic Committee, Pier 31, Seattle, Washington.

Northwest Furniture Manufacturers' Association, Inc., 2500 - 15th Avenue West, Seattle, Washington.

Northwest Metal Products, Inc., 55 Spokane Street South, Seattle, Washington.

Northwest Processing Co., 1953 South 6th Street, Tacoma, Wash.

Northwest Wholesale Stationers, Inc., 333 N.W. 5th Avenue, Portland, Oregon.

Oeser Cedar Co., P. O. Box 156, Bellingham, Washington.

Olympiad Sportswear Co., Inc., 1520 Bellevue Avenue, Seattle, Washington.

Olympic Manufacturing Co., Inc., 421 South Michigan, Aberdeen, Washington.

Oregon Marine & Supply Co., 235 S.W. 1st Avenue, Portland, Oregon.

Otto Ries & Company, 1000 East Pike Street, Seattle, Washington.

Pacific Coast Evergreens, P. O. Box 293, Bremerton, Washington.

Pacific Coast Feather Company, 2630 - 48 - 15th West, Seattle, Washington.

Whatcom County Traffic & Rates Bureau, P. O. Box 1114 (Herald Bldg.) Bellingham, Washington 98225

Pacific Hoist & Derrick Co., 3200 Fourth Avenue South, Seattle, Washington.

Pacific Marine Supply Co., 1223 Western Avenue, Seattle, Wash.

Pacific Northwest Shippers Cooperative Assoc., Inc., 1416 West Wheeler Street, Seattle, Washington.

The Pam Company, 1951 N.W. Wilson, Portland, Oregon.

The Peoples Store Co., 1101 Pacific Avenue, Tacoma, Washington.

Pettit Bedding Company, 2337 N.W. York Street, Portland, Oregon.

Puget Sound Merchandise Company, 1001 Lenora Street, Seattle, Washington.

Port of Bellingham, Port Dock, P. O. Drawer 643, Bellingham, Wash.

Port of Pasco, P. O. Box 704, Pasco, Washington.

Portland Furniture Mfg. Co., 5331 S.W. Macadam, Portland, Oregon.

Quincy Produce Co., Inc., P. O. Box 1096, Quincy, Washington.

Raff's Shoe Stores, Inc., 401 East Pine Street, Seattle, Wash.

Rhodes of Portland, 1955 Mountain Blvd., Oakland, California.

Rhodes Department Store, P. O. Box 580, Seattle, Washington.

Rhodes-Tacoma & Lakewood, 950 Broadway, Tacoma, Washington.

Rodgers Company, 2000 N.E. 42nd Avenue, Portland, Oregon.

Rose City Upholstery, 2956 N.E. Sandy Blvd., Portland, Oregon.

Russell-Ward Company, 1528 Occidental Avenue, Seattle, Washington.

Henry W. Saari, Inc. d/b/a Bostitch-Northwest Co., 703 Fifth Avenue North, Seattle, Washington.

Samson Cordage Works, 470 Atlantic Ave., Boston, Massachusetts.

Sampson Grain Company, 423 - 7th Street, Prosser, Washington.

San Juan Fishing and Packing Co., Pier 31, Seattle, Washington.

E. E. Schenck and Company, 1803 - 8th Avenue, Seattle, Washington.

Schwabacher Hardware Co., 401 First Ave. So., Seattle, Wash.

Sealy Furniture Manufacturing Co., Inc., 2303 N.W. 23rd, Portland, Oregon.

Seaport Appliance, Inc., 3055 N.W. Yeon Ave., Portland, Oregon.

Seattle Hardware Co., 501 First Avenue So., Seattle, Washington.

Seattle Lighting Fixture Co., 222 - 2nd Ave., Seattle, Wash.

Seattle Seafoods, Inc., Pier 24, Seattle, Washington.

Seattle Tent & Awning Co., 310 Westlake North, Seattle, Wash.

B. F. Shearer Company, 2318 Second Ave., Seattle, Washington.

Skone and Connors, Box 847, Wapato, Washington.

Silvana Grain Company, Silvana, Washington.

Roman Meal Company, 2101 South Tacoma Way, Tacoma, Washington.

Skyway Luggage Co., 10 Wall Street, Seattle, Washington.

George W. Slyter & Sons, Inc., 3110 South Cedar Street, Tacoma, Washington.

Sound Mattress & Felt Co., P. O. Box 1505, Tacoma, Washington.

Spada Distributing Company, Inc., 1137 S.E. Union Avenue, Portland, Oregon.

Sportcaster Company, Occidental at Jackson Streets, Seattle, Wash.

F.L.T. Sportswear Company, 1925 Eighth Avenue, Seattle, Wash.

Stack Steel & Supply Co., 500 South Lander Street, Seattle, Wash.

Staff Jennings, Inc., West End Sellwood Bridge, Box 4684, Portland, Oregon.

Steinberg Bros., 317 First Avenue South, Seattle, Washington.

Stevens Rodman Co., Box 205, Quincy, Washington.

Sun-glo Producers, Inc., P. O. Box 148, Winchester, Washington.

Sunny Roza Fruit & Produce Co., P. O. Box 447, Sunnyside, Wash.

Sunset Electric Co., Inc., N. 703 Division, Spokane, Washington.

Sunset Sportswear, Inc., 419 First Avenue South, Seattle, Wash.

Sweden Freezer Mfg. Co., 3401 - 17th Avenue West, Seattle, Wash.

R. F. Taplett Fruit Co., P. O. Box 188, Wenatchee, Washington.

Tempo Furniture Corporation, 3910 North Suttle Road, No. Portland, Oregon.

Timesaver Products Co., d/b/a Pacific Putty Co., 475 Elliott Avenue West, Seattle, Washington.

Thompson Tile Co., Inc., E. 4409 Sprague Avenue, Spokane, Wash.

Totem Sportswear, Inc., 800 Mercer Street, Seattle, Washington.

Trick & Murray, Inc., 115 Seneca Street, Seattle, Washington.

United Evergreens, Inc., 416 Kearney Street, P. O. Box 263, Centralia, Wash.

United Oyster Producers Association, 5300 Denver Avenue South, Seattle, Washington.

Upholstery Felt Co., Inc., 4301 Maynard Street, Seattle, Wash.

Upholstery Felt Co., 2234 N.W. 24th Avenue, Portland, Oregon.

C. B. Van Vorst Company, 415 Boren North, Seattle, Washington.

Variety Sales Co., Inc., 124 E. Sinto, Spokane, Washington.

R. Veal & Son, 553 South Main, Albany, Oregon.

Vermiculite Manufacturing Co., 2107 North 34th Street, Seattle, Washington.

Vermiculite Northwest, Inc., 2107 North 34th Street, Seattle, Washington.

Vernell-Thompson Candy Co., Division of General Baking Co., 420 Lexington Avenue, New York, New York.

Vita Food Products, Inc. of Washington, 1844 Westlake North, Seattle, Washington.

Vita Food Products, Inc., Richard Schnibbe Division, 257 Metropolitan Avenue, Brooklyn, New York.

Wakefield's Deep Sea Trawlers, Inc., Fishermen's Terminal, Seattle, Washington.

Walla Walla Gardeners' Association, 205 North 11th, P. O. Box 234, Walla Walla, Washington.

Walla Walla Produce Co., 6 North Spokane, Walla Walla, Washington.

Chas. R. Walters Co., 18104 - 102nd N.E., Bothell, Washington.

Washington Fish & Oyster Co., Pier 54, Seattle, Washington.

Washington-Oregon Shippers Cooperative Association, Inc., 1416 West Wheeler Street, Seattle, Washington.

Washington Potato & Onion Growers & Shippers Association, Inc., 111 Pierce Ave., Yakima, Washington.

Watton Distributing, Inc., 1532 Occidental Avenue South, Seattle, Washington.

West Coast Wholesale Drug Co., 409 First Avenue South, Seattle, Washington.

Western Cold Storage Co., Inc., Box 217, Moses Lake, Washington.

Western Peat Company, Ltd., P. O. Box 88, New Westminster, B. C., Canada.

Whiz Fish Products Company, Inc., 2000 Alaskan Way, Seattle, Washington.

Wigwam Department Stores, 6930 Empire Way, Seattle, Washington.

Wolfkill Feed and Fertilizer Corp., Monroe Shopping Center, Monroe, Washington.

Yoshino Bros. Farms, Box 867, Quincy, Washington.

Yoshino Produce Company, Inc., Box 867, Quincy, Washington.

Phil Youdene Co., Inc., 919 Olive Way, Seattle, Washington.

Zerega Distributing Co., 429 Westlake North, Seattle, Washington.

Columbia Electric & Manufacturing Co., North 2310 Fancher Way, Spokane, Washington.

Educators Manufacturing Company, P. O. Box 1261, Tacoma, Wash.

Ehrlich Harrison Co., 60 Spokane Street, Seattle, Washington.

Feeds, Inc., P. O. Box 31, Kent, Washington.

Founders, Inc. d/b/a "Rasco 5¢-10¢-25¢ Stores", 15 North 8th Street, Minneapolis, Minnesota, and 1840 North Soto Street, Los Angeles, California.

John W. Graham Company, 707 West Sprague Ave., Spokane, Wash.

Harmon Cabinets, Inc. 1933 Dock Street, Tacoma, Washington.

Van Waters & Rogers, Inc. (Div. of VWR-United Corp.) 3745 Bayshore Blvd., P. O. Box 3200, Rincon Annex, San Francisco, Calif. 94119.

Van Waters & Rogers (of Canada) Ltd., 2625 Skeena Street, Vancouver 2, B. C., Canada.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, PLAINTIFF

vs.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS

and

GREAT NORTHERN RAILWAY COMPANY, ET AL.,
INTERVENING DEFENDANTS

ANSWER OF INTERVENING DEFENDANT PUBLIC UTILITY COMMISSIONER OF OREGON

Intervening defendant, the Public Utility Commissioner of Oregon, in answer to the complaint alleges as follows:

I

Admits the allegations of paragraph I through VI.

II

Denies each and every allegation of paragraph VII.

III

Denies the allegations of paragraph VIII so far as they allege a necessity to enjoin consummation of the merger.

WHEREFORE, having fully answered plaintiff's complaint, the Public Utility Commissioner of Oregon prays that the complaint be dismissed.

ROBERT Y. THORNTON
Attorney General

RICHARD W. SABIN
Assistant Attorney General
Chief Counsel, PUC

/s/ Dale T. Crabtree
DALE T. CRABTREE
Assistant Attorney General
Of Counsel for the Public
Utility Commissioner of Oregon
PUC-103 Public Service Building
Salem, Oregon 97310

[Certificate of service omitted in printing.]

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, PLAINTIFF

v.

UNITED STATES OF AMERICA, ET AL., DEFENDANTS

and

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, ET AL., INTERVENING DEFENDANTS

ANSWER OF CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

Intervening Defendant, Chicago, Milwaukee, St. Paul and Pacific Railroad Company, answers the complaints of plaintiff and intervening plaintiffs in this action as follows:

I

Answering complaint of Plaintiff, this Intervening Defendant:

1. Admits the allegations contained in paragraph I thereof.
2. Admits the allegations contained in paragraph II thereof, but insofar as the participation of the Department of Agriculture before the Commission is pleaded, avers that the Department of Agriculture in its Reply to Applicants' Petition for Reconsideration asserted that, properly conditioned, the merger should be approved, as shown in the Commission's order of January 4, 1967 (pp. 2-3) and its Report on Reconsideration and Further Hearing, 331 I.C.C. 288 at p. 242.
3. Admits the allegations contained in paragraphs III, IV, V, and VI thereof.
4. Denies the allegations contained in paragraph VII thereof, and avers that the orders of the Commission as

modified in its proceeding are valid and lawful in all respects.

5. Answering the allegations contained in paragraph VIII thereof, avers that no answer thereto is required, this Court having granted a preliminary injunction restraining the operation of the Commission's orders authorizing merger.

II

Answering complaint of intervening plaintiffs Brundage et al., this Intervening Defendant:

1. Admits the allegations contained in paragraphs I through VIII thereof, but respectfully refers the Court to the full text of the statutes and orders cited.

2. Denies the allegations contained in paragraphs IX and XI thereof.

3. Admits the allegations contained in paragraph X thereof.

III

Answering complaint of intervening plaintiff Livingston Anti-Merger Committee, this Intervening Defendant:

1. Admits the allegations contained in paragraphs I, II, III, IV, and V thereof.

2. Answering the allegations contained in paragraph VI thereof, admits that this intervening plaintiff opposed the applications before the Commission for the reasons stated, but denies any merit to those reasons.

3. Denies the allegations contained in paragraph VII thereof.

IV

Answering complaint of intervening plaintiff State of Washington, this Intervening Defendant:

1. Admits the allegations contained in paragraphs I and II thereof.

2. Answering the allegations contained in paragraph III thereof, admits those contained in subparagraph (5) and (6) thereof, but respectfully refers to the Court to the full text of the statutes cited; and further denies

the allegations contained in subparagraphs (7) and (8) thereof; and avers that as a result of the Commission's orders in its proceedings under review herein, the merger as conditioned to protect this Intervening Defendant will have a beneficial impact on the State of Washington; and further avers that no answer is required to the allegations contained in subparagraph (9), this Court having granted a preliminary injunction restraining the operation of the Commission's orders under review herein.

3. Denies the allegations contained in paragraph IV thereof, except those contained in subparagraph (11), which are admitted.

V

Answering complaint of intervening plaintiff Board of Railroad Commissioners of the State of Montana, this Intervening Defendant:

1. Admits the allegations contained in paragraphs I and II thereof, and avers that its lines of railroad also traverse the State of Montana to an extent comparable with those of Great Northern and Northern Pacific.

2. Answering the allegations contained in paragraph III thereof, admits those contained in subparagraphs (5), (6), and (7) thereof, but respectfully refers the Court to the full and complete text of the statutes cited; and further denies the allegations contained in subparagraph (8) thereof, and avers with respect thereto that this Intervening Defendant, upon consummation of the merger as approved by the Commission with conditions protective of this Intervening Defendant, will continue to provide strong competition to the unified company throughout the State of Montana.

3. Denies the allegations contained in paragraph IV thereof.

VI

Answering the complaint of intervening plaintiff City of Auburn, this Intervening Defendant:

1. Admits the allegations contained in paragraphs I and II thereof.

2. Answering the allegations contained in paragraph III thereof, admits the allegations contained in subparagraphs (5) and (6) thereof, denies the allegations contained in subparagraphs (7) and (8) thereof, and avers that no answer to the allegations of subparagraph (9) thereof is required, this Court having granted a preliminary injunction restraining the operation of the Commission's orders under review herein.

3. Denies the allegations contained in paragraph V thereof, except those allegations contained in subparagraph (11) thereof, which are admitted.

VII

At the time of the preparation of this Answer, the Public Service Commission of the State of Minnesota had its petition to intervene as a plaintiff pending before this Court. On the assumption that its petition will be granted, therefore, this Intervening Defendant answers the complaint of the Public Service Commission of Minnesota as follows:

1. Admits the allegations contained in paragraphs I and II of the complaint.

2. Answering the allegations contained in paragraph III thereof, admits the allegations contained in subparagraphs (5) and (6) thereof; denies the allegations contained in subparagraphs (7) and (8) thereof, and avers that as a result of the Commission's orders herein, the merger as conditioned by the Commission for the protection of this Intervening Defendant will not negatively affect the adequacy of transportation services to the public in the State of Minnesota; and further avers that this Intervening Defendant's lines of railroad presently, and will following the merger authorized in the proceedings under review herein, provide transportation service to the public in the State of Minnesota; and further avers that an answer to subparagraph (9) is not required, this Court having granted a preliminary injunction restraining the operation of the Commission's orders under review herein.

3. Denies the allegations contained in paragraph IV thereof, except those contained in subparagraph (11) therein, which are admitted.

VIII

For further answer to the allegations contained in the complaints of Plaintiff and intervening plaintiffs herein, this Intervening Defendant denies that the orders of the Commission under review herein are unlawful for any of the reasons stated in said complaints, or for any other reason; and avers that said orders are valid and lawful.

WHEREFORE, The Chicago, Milwaukee, St. Paul and Pacific Railroad Company prays that this Court dismiss the complaints of all plaintiffs and intervening plaintiffs and sustain the orders of the Commission authorizing the merger.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

By /s/ Raymond K. Merrill
RAYMOND K. MERRILL
888 Union Station Bldg.
Chicago, Illinois 60606

and

By /s/ Patrick H. Corcoran
PATRICK H. CORCORAN
Corcoran, Foley, Youngman & Rowe
1511 K Street, N. W.
Washington, D. C. 20005

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Answers of Chicago, Milwaukee, St. Paul and Pacific Railroad Company" was mailed this 24th day of June 1968, by first-class, United States mail, postage prepaid, to each of the following:

Hon. Ramsey Clark
Attorney General
U. S. Department of Justice
Washington, D. C. 20530

Edwin M. Zimmerman
Acting Assistant Attorney General
U. S. Department of Justice
Washington, D. C. 20530

Howard E. Shapiro
Antitrust Division
U. S. Department of Justice
Washington, D. C. 20530

Joseph J. Saunders, Attorney
U. S. Department of Justice
Washington, D. C. 20530

Arthur I. Cantor, Attorney
U. S. Department of Justice
Washington, D. C. 20530

David G. Bress
United States Attorney
United States Courthouse
Washington, D. C. 20001

Robert W. Ginnane
General Counsel
Interstate Commerce Commission
Washington, D. C. 20423

Fritz R. Kahn
Deputy General Counsel
Interstate Commerce Commission
Washington, D. C. 20423

Jerome Nelson
Attorney
Interstate Commerce Commission
Washington, D. C. 20423

Barry Roberts
Attorney
Interstate Commerce Commission
Washington, D. C. 20423

Ray Garrett
D. Robert Thomas
Lee B. McTurnan
Sidley & Austin
11 South La Salle Street
Chicago, Illinois 60603

Anthony Kane
Louis E. Torinus
Great Northern Railway Company
175 East Fourth Street
St. Paul, Minnesota 55101

Earl F. Requa
Frank S. Farrell
Northern Pacific Railway Company
Fifth and Jackson Streets
St. Paul, Minnesota 55101

Eldon Martin
R. T. Cubbage
Chicago, Burlington & Quincy Railroad Co.
547 West Jackson Boulevard
Chicago, Illinois 60606

William G. Mahoney
Railway Labor Executives' Association
1401 K Street, N. W.
Washington, D. C. 20005

Harry Tyson Carter
Shanley & Fisher
1815 H Street, N. W.
Washington, D. C. 20006

Louis B. Dailey
Dailey & Luhrman
39 Broadway
New York, New York 10006

Joel E. Hoffman
Robert L. Wald
Wald, Harkrader & Rockefeller
1225 - 19th Street, N. W.
Washington, D. C. 20036

Valentine B. Deale
1001 Connecticut Avenue, N. W.
Washington, D. C. 20036

Marvin J. Sonosky
1225 - 19th Street, N. W.
Washington, D. C. 20036

John C. Sheehy
William T. O'Leary
Board of Railroad Commissioners of the
State of Montana
403 Electric Building
Billings, Montana 59101

Hon. John J. O'Connell
Attorney General
State of Washington
Temple of Justice
Olympia, Washington 98501

Frank P. Hayes
Patrick McEligot
Office of the Attorney General
State of Washington
Temple of Justice
Olympia, Washington 98501

Alva C. Long
26 B Street, N. E.
Auburn, Washington 98002

Richard Musenbrock
Special Assistant Attorney General
State of Minnesota
Public Service Commission
State Office Building
St. Paul, Minnesota 55101

Robert E. Sher
888 - 17th Street, N. W.
Washington, D. C. 20006

/s/ Patrick H. Corcoran
PATRICK H. CORCORAN

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 1132-68

UNITED STATES OF AMERICA, PLAINTIFF
LIVINGSTON ANTI-MERGER COMMITTEE, ET AL.,
INTERVENOR-PLAINTIFFS

v.

UNITED STATES OF AMERICA and
INTERSTATE COMMERCE COMMISSION, DEFENDANTS
GREAT NORTHERN RAILWAY COMPANY, ET AL.,
INTERVENOR-DEFENDANTS

NOTICE OF APPEAL

The Livingston Anti-Merger Committee, intervenor-plaintiff above named, appeals to the Supreme Court of the United States from the Order entered in this action on November 20, 1968.

Said Order dismissed the Livingston Anti-Merger Committee's complaint, denied the prayers therein, and affirmed the orders of defendant Interstate Commerce Commission.

This appeal is taken under Sections 1253 and 2101(b) of Title 28 of the United States Code.

/s/ Valentine B. Deale
VALENTINE B. DEALE
Attorney for Livingston Anti-Merger Committee
1001 Connecticut Avenue, N. W.
Washington, D. C. 20036
Telephone: 393-4590

SUPREME COURT OF THE UNITED STATES

Nos. 899, 942, 999 and 1003, October Term, 1968

UNITED STATES, APPELLANT

v.

INTERSTATE COMMERCE COMMISSION;

CHARLES E. BRUNDAGE, ET AL., APPELLANTS

v.

UNITED STATES, ET AL.;

CITY OF AUBURN, APPELLANT

v.

UNITED STATES, ET AL.; and

LIVINGSTON ANTI-MERGER COMMITTEE, APPELLANT

v.

INTERSTATE COMMERCE COMMISSION ET AL.

APPEALS from the United States District Court for the District of Columbia.

The statements of jurisdiction in these cases having been submitted and considered by the Court, probable jurisdiction is noted. The cases are consolidated and a total of four hours is allotted for oral argument in these appeals and any other appeals taken from the same judgment as to which jurisdiction may hereafter be noted.

February 24, 1969

Mr. Justice Fortas took no part in the consideration or decision of this matter.

☆ U. S. GOVERNMENT PRINTING OFFICE: 1969 361034 139